Public Accounts

Volume 1 – Consolidated Financial Statements

for the fiscal year ended March 31, 2012

The Honourable Maureen MacDonald
Minister of Finance

NOVA SCOTIA

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Message from the Minister

I am pleased to present the Public Accounts for the 2011-12 fiscal year. These statements provide Nova Scotians with a clear picture of how their government has managed the province's finances as we continue to pursue the goals of the four-year Back to Balance plan.

The Public Accounts for the year ended March 31, 2012 are reporting an improvement of $141.1 million compared with the budget estimate of a $389.6 million deficit. With total revenues of $9.7 billion and total expenses of $9.9 billion, the 2011-12 deficit is $248.5 million.

At year-end, the province's net debt was $13.2 billion, which presented as a percentage of Gross Domestic Product is 35.0 per cent for 2012. This Net Debt to GDP ratio is an improvement over previous years.

These financial statements are in accordance with generally accepted accounting principles for the public sector, and have received an unqualified audit opinion from the Auditor General.

I am pleased that Nova Scotia has remained on a strong financial path through recent economic uncertainty and I look forward to introducing a balanced budget in April 2013.

Maureen MacDonald

Honourable Maureen MacDonald
Minister of Finance

NOVA SCOTIA

Financial Statement Discussion and Analysis

for the fiscal year ended March 31, 2012

Public Accounts

In accordance with the *Finance Act*, the Minister of Finance for the Province of Nova Scotia produces the Public Accounts annually to report on the operating results and financial condition of the province. Volume 1 includes general purpose financial statements, meant to meet the needs of a variety of users. They are prepared on a consolidated basis, meaning that they include the financial information for the departments of government as well as crown corporations, boards, and other entities owned or controlled by the province.

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector. For purposes of the province's financial statements, this means the Public Sector Accounting (PSA) standards of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA and International Federation of Accountants accounting standards or pronouncements.

The 2012 Public Accounts *Volume 1 – Consolidated Financial Statements* commences with the Financial Statement Discussion and Analysis (FSD&A) section. The FSD&A is a reporting practice recommended by PSAB and responsibility for its preparation rests with management. This section presents comparative financial highlights of the consolidated financial statements including all the entities owned or controlled by the government, as well as selected financial highlights of the General Revenue Fund itself. The FSD&A also includes an overview and highlights of the provincial debt and the Nova Scotia economy. The government is responsible for the integrity, objectivity, and fair presentation of the information in the FSD&A. The Controller prepares the FSD&A in accordance with PSAB guidance on behalf of the Minister and the Deputy Minister of Finance.

The General Revenue Fund is the level at which the annual estimates are prepared in detail for approval by the government. Therefore, the selected highlights of the General Revenue Fund include more detailed information and budget-to-actual analysis on revenues, expenses, tangible capital assets, and additional appropriations. The General Revenue Fund is comprised of all departments and public service units of the Nova Scotia provincial government, but excludes other governmental units and government business enterprises owned or controlled by the province.

There are two additional publications in the Public Accounts suite of annual financial reports. *Volume 2 – Agencies and Funds* is a collection of audited financial statements of various agencies, boards, other governmental units, government business enterprises, and trust funds. *Volume 3 – Supplementary Information* is produced in accordance with the *Finance Act* as a record of the payments made by the General Revenue Fund in the fiscal year for salaries, travel, grants, and expenses.

Presentation of Estimates

The annual budget, referred to as the Estimates, represents the financial plan of the Province of Nova Scotia in a format that facilitates departmental management of revenue and expense transactions of the General Revenue Fund, as well as the debate and appropriations process thereon in the House of Assembly.

In order to present comparative Estimates on the Consolidated Statement of Operations and Accumulated Deficits, as well as in the following pages of variance analyses, the original Estimates have been adjusted on a line-by-line basis for consolidation purposes. The table on the subsequent page illustrates how the Consolidation and Accounting Adjustments from the original Estimates are reallocated to gross up the related revenue and expense lines for presentation on the Consolidated Statement of Operations and Accumulated Deficits.

When consolidating the government controlled entities into these financial statements, the province adjusts the entities' accounting policies to conform with its own so the amounts can be added together on a consistent basis. Also, significant inter-entity transactions are eliminated. For example, grant expense recorded in departmental expenses is eliminated with the corresponding grant revenue in the related entity. This transfer between the two related entities does not increase or decrease the assets of the province on a consolidated basis. After eliminations, the remaining revenues and expenses represent transactions with external entities not controlled by the province. Only transactions with these outside entities represent the increase and decrease in the province's financial position.

Reconciliation of Estimates

Reconciliation to the Adjusted Estimate on the Consolidated Financial Statements
For the year ended March 31, 2012

	Estimate 2012	Adjustments	Adjusted Estimate 2012
Revenue			
Provincial Sources			
Tax Revenue	4,624,276	—	4,624,276
Other Provincial Revenue	691,418	607,796	1,299,214
Net Income from Government Business Enterprises	354,579	—	354,579
Investment Income	201,420	—	201,420
	5,871,693	607,796	6,479,489
Federal Sources	3,006,885	49,204	3,056,089
Total Revenue	8,878,578	657,000	9,535,578
Expenses			
Agriculture	61,115	3,954	65,069
Communities, Culture and Heritage	55,100	1,870	56,970
Community Services	985,084	25,006	1,010,090
Economic and Rural Development and Tourism	125,610	52,459	178,069
Education	1,135,237	273,382	1,408,619
Energy	30,462	3,067	33,529
Environment	27,582	53,281	80,863
Finance	36,007	55,117	91,124
Fisheries and Aquaculture	8,462	—	8,462
Health and Wellness	3,768,259	73,111	3,841,370
Justice	302,036	75	302,111
Labour and Advanced Education	345,211	46,988	392,199
Assistance to Universities	384,792	—	384,792
Natural Resources	92,845	3,235	96,080
Public Service	178,938	(26,010)	152,928
Seniors	1,881	—	1,881
Service Nova Scotia and Municipal Relations	274,761	846	275,607
Transportation and Infrastructure Renewal	420,362	877	421,239
Restructuring Costs	111,019	—	111,019
Program Expenses	8,344,763	567,258	8,912,021
Tax Credits & Rebates	74,943	—	74,943
Pension Valuation Adjustment	31,761	—	31,761
Debt Servicing Costs	885,485	20,925	906,410
Total Expenses	9,336,952	588,183	9,925,135
	(458,374)	68,817	(389,557)
Consolidation & Accounting Adjustments			
General Revenue Fund Consolidation Adjustments	70,554	(70,554)	—
Health and Hospital Boards Operations	2,854	(2,854)	—
School Board Operations	—	—	—
Special Purpose Funds	(880)	880	—
Other Organizations	(3,711)	3,711	—
Total Adjustments	68,817	(68,817)	—
Provincial Deficit	(389,557)	—	(389,557)

Economic Highlights

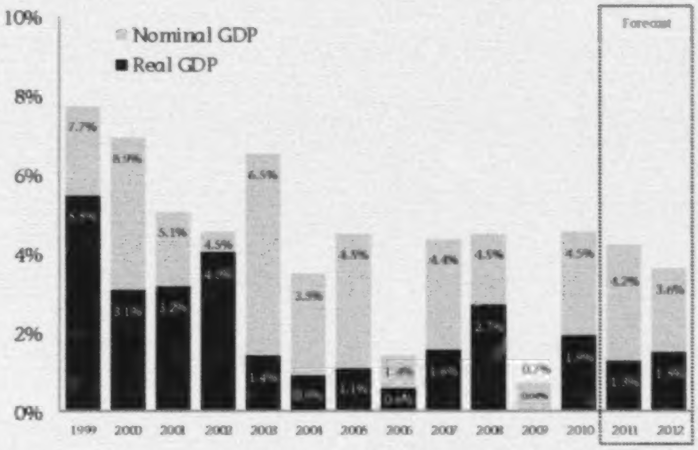
Provincial tax revenues are collected as percentages of certain transactions, such as personal and corporate income, as well as certain household and business purchases. The value of nominal Gross Domestic Product (GDP) is the broadest measure of the potential tax base in Nova Scotia. Sub-components of nominal GDP provide strong indications of the growth of specific tax bases, including personal income, corporate profits, consumer expenditures, and residential construction. Own-source revenues also depend on the level of economic activity that occurs in the province.

Nova Scotia Economic Performance

Nova Scotia's economy performed relatively well in the 2008-09 recession period, but did not experience the same recovery as provinces more affected by the recession. Following Real GDP growth of 2.7 per cent in 2008, Nova Scotia's growth was flat in 2009, expanding by 1.9 per cent in 2010.

The outlook for 2011 Real GDP growth is 1.3 per cent. Nominal GDP is estimated to have grown 4.2 per cent in 2011. Information on economic performance to date suggests lower labour income and higher building construction, exports, and consumer spending than previously assumed. Activity related to natural gas production and restructuring in the forest sector also point to a weaker first half of 2012. The outlook for 2012 has softened slightly with Nova Scotia's Real GDP expected to grow by 1.5 per cent and Nominal GDP expected to grow by 3.6 per cent.

Gross Domestic Product
(growth)



Source: Statistics Canada CANSIM table 384-0002, NS Department of Finance

Around the world, the newsprint industry has been pressed by lower demand and rising production costs. The paper industry has important linkages within the provincial economy and is an important contributor to provincial income and employment. The June 2012 announcement that the Resolute Forest Products mill in Liverpool would be closing and the delay in finding a new buyer to reopen the idle NewPage mill in Port Hawkesbury have resulted in a downward adjustment to activity anticipated in 2012.

In the fall of 2011, the Irving Shipyard was awarded a national shipbuilding contract worth $25.0 billion that could begin as early as 2012. While the announcement had an immediate effect on confidence in the region, recent news suggests the actual ship design and construction could be slower starting up than was previously anticipated. There have also been delays in the start of natural gas production from the Deep Panuke platform, which have weighed on export growth so far this year.

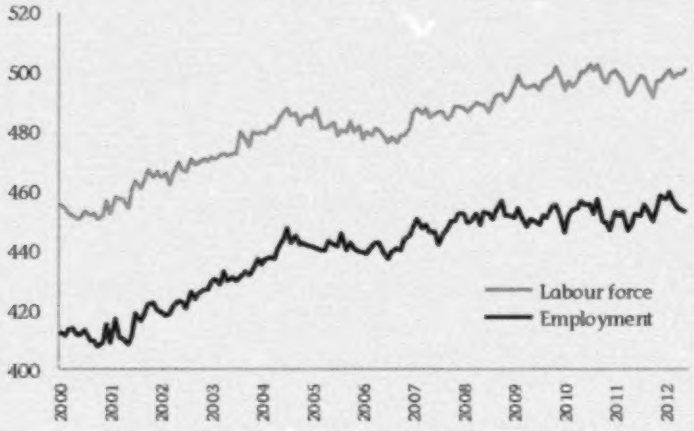
Nova Scotia Employment and Labour Force

Employment continues a recent trend of long run stability with short run volatility. Employment declined 0.1 percentage points in Nova Scotia in 2009, grew 0.2 percentage points in 2010, and another 0.1 percentage points in 2011. The latest estimates for 2012 suggest employment is up 1.0 percentage point in the first half of this year. The unemployment rate declined to 8.8 per cent in 2011. The increase in the labour force has kept pace with employment growth so far this year leaving the average unemployment rate in the first half of 2012 unchanged at 8.8 per cent.

Employment is expected to advance 0.8 percentage points in 2012. With the labour force also contracting slightly by 0.1 percentage points, the unemployment rate is expected to average 8.0 per cent this year.

Employment and Labour Force

(000's seasonally adjusted actuals)

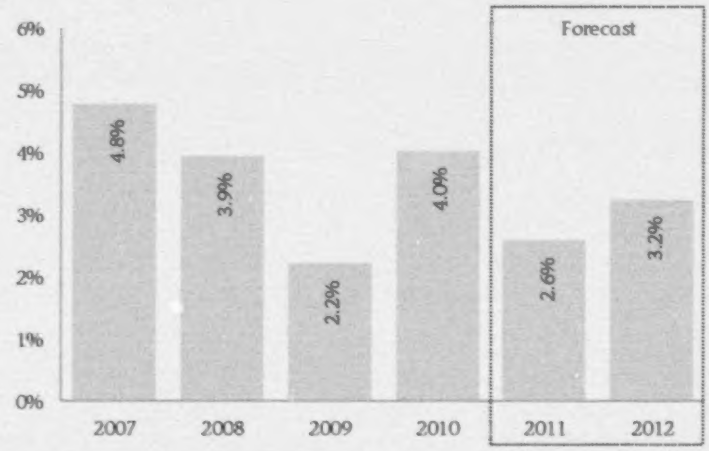


Source: Statistics Canada CANSIM table 282-0002

Nova Scotia Personal Income

Slower labour income growth translated into a 2.6 per cent personal income growth in 2011. The 2012 first quarter labour income growth was slower still at 1.0 per cent growth. Wage pressures related to labour tightness are expected to keep wage growth in Nova Scotia at the same pace as Canada's in 2012, with labour income growing 4.6 per cent overall and personal income advancing 3.2 per cent.

Personal Income
(growth, nominal)



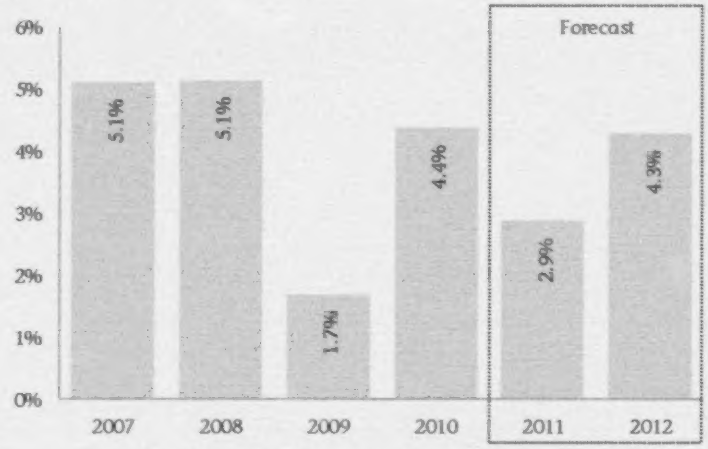
Source: Statistics Canada CANSIM table 384-0012, NS Department of Finance

Nova Scotia Personal Consumer Expenditure on Goods and Services

Consumer spending drives HST revenues and is expected to post a recovery of 2.9 per cent in 2011. Lower labour income growth and high levels of consumer debt are expected to continue to constrain consumer spending although a rebound in new vehicle sales, higher prices for energy products, and a lower interest rate environment have supported higher estimates than previously forecasted.

Combined with high commodity price levels coming off last year's 3.8 per cent consumer price inflation and a softer 2.1 per cent consumer price inflation expected in 2012, higher income growth is expected to support consumer spending of 4.3 per cent in 2012 and retail sales of 4.2 per cent.

Personal Consumer Expenditure on Goods and Services
(growth, nominal)



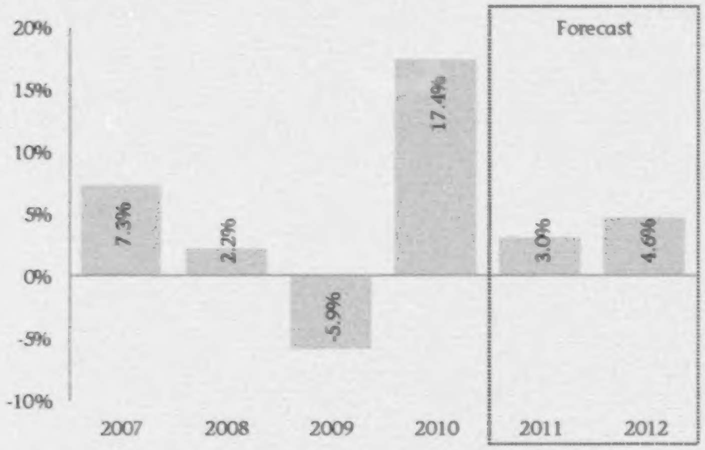
Source: Statistics Canada CANSIM table 384-0002, NS Department of Finance

Nova Scotia Residential Construction Investment

New information on building construction and investment figures suggest 2011 was a slightly stronger year than preliminary statistics indicated. Estimates suggest residential investment continued to grow by 3.0 per cent in Nova Scotia in 2011 sustaining historical peaks reached in 2010. Non-residential building construction in Nova Scotia is also estimated to have been stronger in 2011, advancing 3.0 per cent, also exceeding its historical highs.

First quarter results for 2012 suggest residential and non-residential construction continues to advance from last year's levels, however government and institutional investment appears to be slowing as stimulus is withdrawn. Construction activity is expected to slow from recent stimulus peaks but should begin to benefit from preparatory work at the Halifax shipyard related to the new shipbuilding contract. Residential construction is anticipated to advance 4.6 per cent in 2012, while non-residential construction is forecast to grow by 3.1 per cent.

Residential Construction Investment
(growth, nominal)



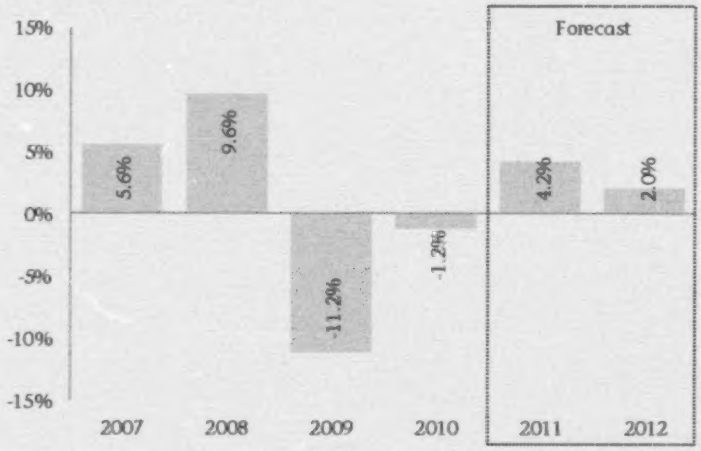
Source: Statistics Canada CANSIM table 384-0002, NS Department of Finance

Nova Scotia Corporate Profits

Corporate profit estimates usually display considerable volatility, but 2011 profits are projected to recover in line with nominal GDP growth of 4.2% as activity and global trade conditions improve. Activities of larger operations can influence corporate profit results. The closure of the Port Hawkesbury and Liverpool paper mills, as well as reduced natural gas production values are assumed to impact corporate profit growth more in 2012 than in 2011.

Global uncertainties and major project delays are also expected to affect income, employment, and spending, particularly for sectors more exposed internationally. Corporate profit growth is expected to slow to 2.0 per cent in 2012.

Corporate Profits Before Taxes
(growth, nominal)



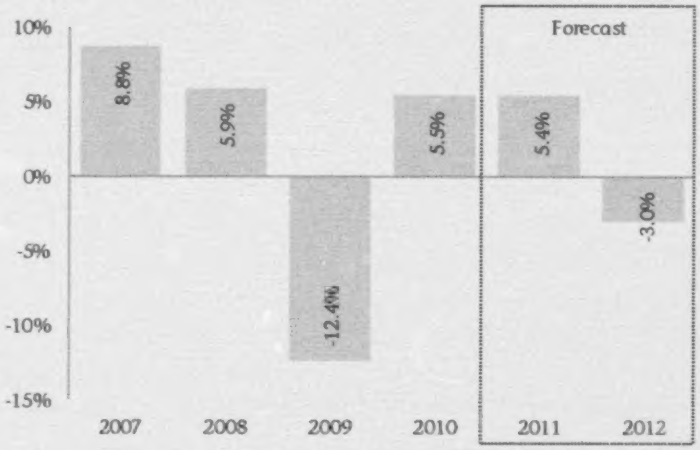
Source: Statistics Canada CANSIM table 384-0001, NS Department of Finance

Nova Scotia Exports of Goods and Services

Indicators of international trade activity suggest results for 2011 will sustain the pace as set in 2010. However, lower international trade activity is estimated in the first half of 2012. The main reasons for this weaker activity has been a longer sale process of the NewPage mill as well as delayed production from the Deep Panuke natural gas platform. International demand for other products also appears to be slowing, possibly a reflection of deterioration in external demand conditions.

Global trade estimates point to a slower recovery. Overall 2012 exports are anticipated to decline 3.0 per cent in 2012, and imports are expected to slow to 1.1 per cent in 2012.

Exports of Goods and Services
(growth, nominal)



Source: Statistics Canada CANSIM table 384-0002, NS Department of Finance

Key Economic Indicators					FORECAST	
Calendar Year	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**
Nominal GDP at market prices ($ millions)	33,031	34,519	34,774	36,352	37,889	39,261
Growth rate	*4.4%*	*4.5%*	*0.7%*	*4.5%*	*4.2%*	*3.6%*
Real GDP at market prices (chained 2002 $ millions)	28,611	29,378	29,390	29,951	30,336	30,788
Growth rate	*1.6%*	*2.7%*	*0.04%*	*1.9%*	*1.3%*	*1.5%*
Personal Income ($ millions)	29,016	30,157	30,820	32,061	32,888	33,953
Growth rate	*4.8%*	*3.9%*	*2.2%*	*4.0%*	*2.6%*	*3.2%*
Personal Expenditure on Consumer Goods and Services ($ millions)	22,713	23,879	24,281	25,340	26,065	27,181
Growth rate	*5.1%*	*5.1%*	*1.7%*	*4.4%*	*2.9%*	*4.3%*
Retail Sales ($ millions)	11,616	12,089	12,102	12,652	13,097	13,644
Growth rate	*4.3%*	*4.1%*	*0.1%*	*4.5%*	*3.5%*	*4.2%*
Residential Investment ($ millions)	2,337	2,389	2,248	2,639	2,718	2,844
Growth rate	*7.3%*	*2.2%*	*-5.9%*	*17.4%*	*3.0%*	*4.6%*
Consumer Price Index (2002 = 100)	112.5	115.9	115.7	118.2	122.7	125.3
Growth rate	*1.9%*	*3.0%*	*-0.2%*	*2.2%*	*3.8%*	*2.1%*
Corporate Profits Before Taxes ($ millions)	3,071	3,367	2,990	2,955	3,078	3,141
Growth rate	*5.6%*	*9.6%*	*-11.2%*	*-1.2%*	*4.2%*	*2.0%*
Business Investment, Excluding Residential ($millions)	3,217	2,854	3,027	2,935	3,187	3,364
Growth rate	*3.8%*	*-11.3%*	*6.1%*	*-3.0%*	*8.6%*	*5.6%*
Exports of Goods and Services ($ millions)	15,376	16,290	14,272	15,050	15,867	15,388
Growth rate	*8.8%*	*5.9%*	*-12.4%*	*5.5%*	*5.4%*	*-3.0%*
Imports of Goods and Services ($ millions)	21,841	22,564	21,281	22,461	23,521	23,785
Growth rate	*9.5%*	*3.3%*	*-5.7%*	*5.5%*	*4.7%*	*1.1%*
Population at July 1 (thousands)	935.8	937.2	940.3	944.8	945.4	943.2
Growth rate	*-0.2%*	*0.2%*	*0.3%*	*0.5%*	*0.1%*	*-0.2%*
Labour Force, Annual Average (thousands)	486.7	489.4	497.0	498.8	496.6	496.1
Growth rate	*1.6%*	*0.6%*	*1.6%*	*0.4%*	*-0.4%*	*-0.1%*
Participation Rate, Annual Average (per cent)	63.5%	63.6%	64.3%	64.2%	63.7%	63.8%
Percentage change	*0.9%*	*0.1%*	*0.7%*	*-0.1%*	*-0.5%*	*0.1%*
Employment, Annual Average (thousands)	448.0	452.0	451.4	452.5	452.8	456.4
Growth rate	*1.6%*	*0.9%*	*-0.1%*	*0.2%*	*0.1%*	*0.8%*
Unemployment Rate, Annual Average (per cent)	8.0%	7.7%	9.2%	9.3%	8.8%	8.0%
Percentage change	*0.1%*	*-0.3%*	*1.5%*	*0.1%*	*-0.5%*	*-0.8%*

Notes:

For purposes of the Public Accounts, the Department of Finance updated its economic assumptions for 2011 and 2012. There are no new statements of Provincial Economic Accounts for 2011, but key assumptions related to major projects and events as well as new labour income, construction and trade data have resulted in a revised economic forecast.

NOVA SCOTIA

FINANCIAL HIGHLIGHTS OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the fiscal year ended March 31, 2012

Financial Highlights

($ thousands)

	Adjusted Estimate 2012	Actual 2012	Actual 2011
			(as restated)
Consolidated Statement of Operations for the fiscal year ending March 31			
Total Revenue	9,535,578	9,673,422	9,919,239
Total Expenses	9,925,135	9,921,892	9,333,838
Provincial Surplus (Deficit)	(389,557)	(248,470)	585,401
Consolidated Statement of Financial Position as at March 31			
Financial Assets		3,925,999	4,381,993
Less: Total Liabilities		17,169,493	17,140,308
Net Debt		(13,243,494)	(12,758,315)
Non-Financial Assets		5,203,767	4,967,058
Accumulated Deficits		(8,039,727)	(7,791,257)

Provincial Surplus (Deficit)

The provincial surplus (deficit) is the net financial result of the year's operations. For the fiscal year ending March 31, 2012, total revenue was $9.7 billion (2011 - $9.9 billion) and total expenses were $9.9 billion (2011 - $9.3 billion). The resulting provincial deficit was $248.5 million, which was $141.1 million lower than the budgeted deficit of $389.6 million and an overall change of $833.9 million compared to last year's $585.4 million surplus. Note: certain accounting changes were made during the year that resulted in restatements of the prior year comparatives. Details are provided in Note 2 on page 78 of this publication.

Net Debt

Net debt is the difference between the province's total liabilities and its financial assets. It represents the amount of liabilities to be funded from future revenues, including taxation. Net debt increased by $485.2 million to $13.2 billion as a result of the $248.5 million deficit and net investments of $245.3 million in tangible capital assets offset by a net decrease of $8.6 million in other non-financial assets.

Accumulated Deficits

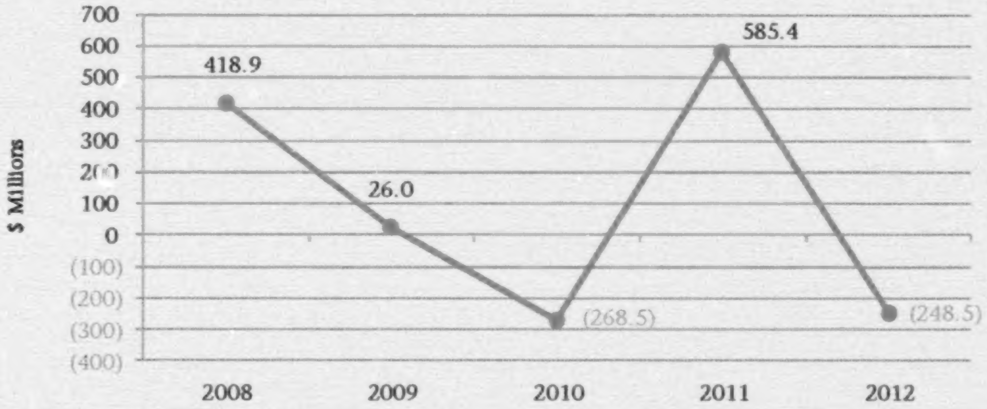
Accumulated deficits represent the difference between the province's total liabilities and both its financial and non-financial assets. Further, it is the sum of all surpluses and deficits incurred to date, calculated according to current accounting policies. The accumulated deficits increased to $8.0 billion at the end of the current year from $7.8 billion at the end of the previous fiscal year as a result of the deficit of $248.5 million. Under generally accepted accounting principles (GAAP) for the public sector, a year-end deficit increases accumulated deficits.

Provincial Surplus (Deficit)

The main purpose of the Consolidated Statement of Operations and Accumulated Deficits is to report the province's revenues and expenses for the year ended March 31, 2012 and the comparative fiscal year.

The Province of Nova Scotia has reported the following results over the past five years:

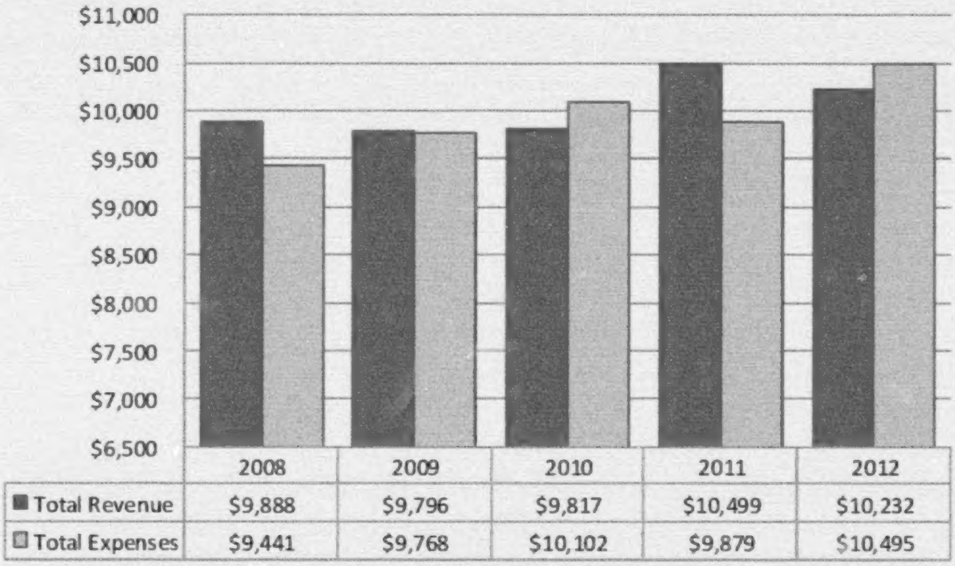
Provincial Surplus (Deficit) - 5 Year Trend



Revenues and Expenses per Capita

The provincial surplus decreased by $883 on a per capita basis, from a surplus of $620 per capita in 2011 to a deficit of $263 per capita in 2012.

Revenue & Expenses per Capita - 5 Year Trend



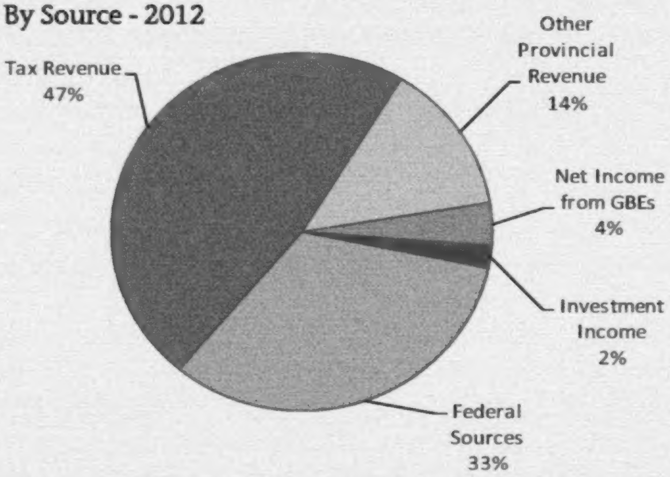
	2008	2009	2010	2011	2012
■ Total Revenue	$9,888	$9,796	$9,817	$10,499	$10,232
▨ Total Expenses	$9,441	$9,768	$10,102	$9,879	$10,495

Revenue

On a consolidated basis, total revenue for the year was $137.8 million higher than the estimate and $245.8 million lower than the previous year. Changes in revenue from taxes and federal contributions are attributable to the General Revenue Fund specifically. The remaining revenues are earned from a variety of sources by the General Revenue Fund and the controlled entities. Additional details on General Revenue Fund revenue variances are provided in the analysis commencing on page 46 of this publication.

Revenue **($ thousands)**	**Adjusted Estimate 2012**	**Actual 2012**	**Actual 2011** *(as restated)*	**Actual vs Estimate**	**Actual vs Actual**
Provincial Sources					
Tax Revenue					
Income Taxes	2,375,018	2,351,094	2,526,363	(23,924)	(175,269)
Sales Taxes	2,107,893	2,076,676	2,001,013	(31,217)	75,663
Other Tax Revenue	141,365	176,098	167,481	34,733	8,617
Other Provincial Revenue					
Petroleum Royalties	110,352	112,680	197,008	2,328	(84,328)
Recoveries	278,187	259,238	344,543	(18,949)	(85,305)
Miscellaneous	910,675	951,009	931,325	40,334	19,684
Net Income from GBEs	354,579	370,316	357,959	15,737	12,357
Investment Income					
Sinking Fund Earnings	104,803	106,768	102,234	1,965	4,534
Interest	96,617	90,249	79,507	(6,368)	10,742
	6,479,489	6,494,128	6,707,433	14,639	(213,305)
Federal Sources					
Equalization Payments	1,342,552	1,407,242	1,360,723	64,690	46,519
Other Federal Transfers	1,713,537	1,772,052	1,851,083	58,515	(79,031)
	3,056,089	3,179,294	3,211,806	123,205	(32,512)
Total Revenue	9,535,578	9,673,422	9,919,239	137,844	(245,817)

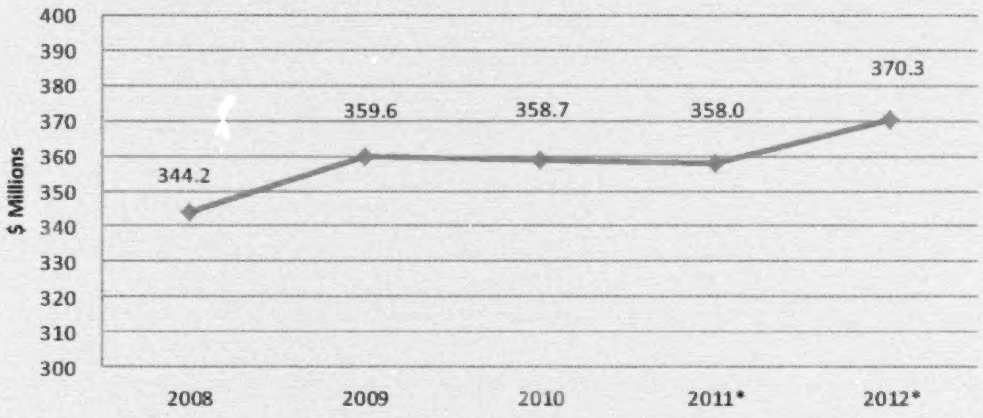
Revenue By Source - 2012



Net Income from Government Business Enterprises

Net income from government business enterprises (GBEs) increased by $12.3 million from the previous year to $370.3 million. For the past five fiscal years, this revenue source has ranged from a low of $344.2 million in 2008 to a high of $370.3 million in 2012. One of the major contributing factors to the overall growth has been the increase in the net income of the Nova Scotia Liquor Corporation.

Net Income from GBEs - 5 Year Trend

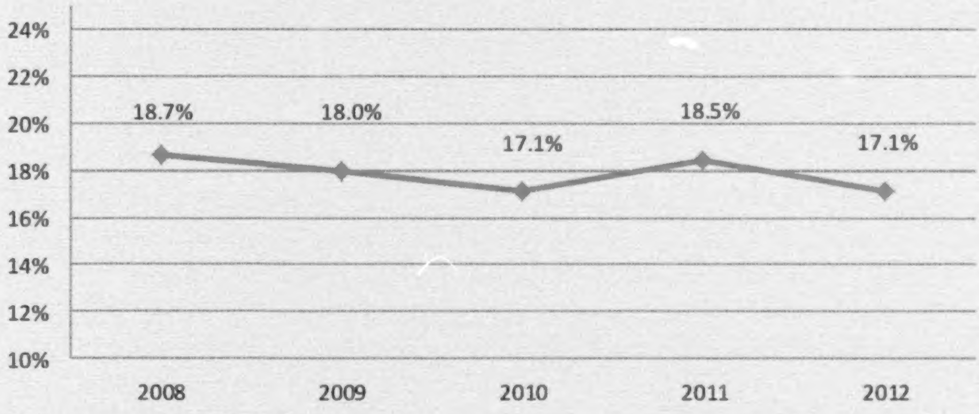


** Prepared in accordance with International Financial Reporting Standards (IFRS).*

Own Source Revenue to Gross Domestic Product

This ratio measures the extent to which the province is earning income out of the provincial economy, either through taxation or user fees. Own source revenue as a percentage of nominal gross domestic product (GDP) has remained relatively stable over the last five years, from a high of 18.7 per cent in 2008 to a low of 17.1 per cent in 2010 and 2012, meaning that the province has not significantly changed its demands on the provincial economy over this time.

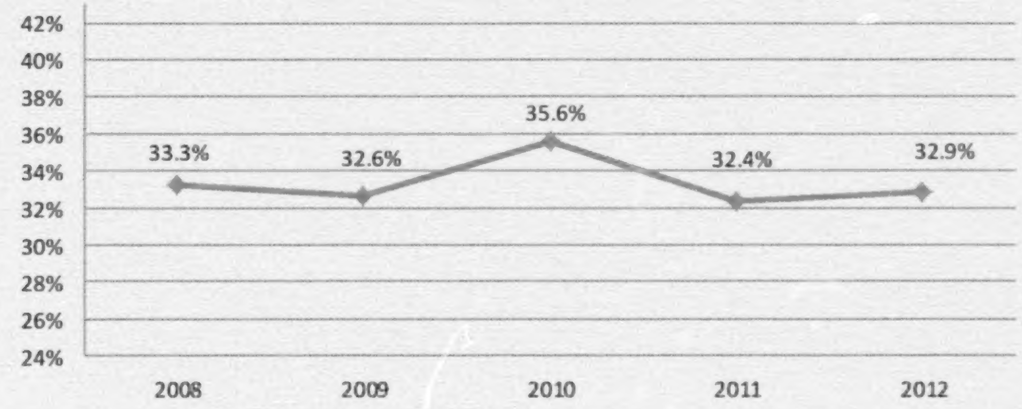
Own Source Revenue to GDP - 5 Year Trend



Federal Transfers to Total Revenue

This ratio measures the extent to which the province relies on the federal government for revenues. These transfers are dependent on policy decisions at the federal level and are generally outside the control of the provincial government. Federal transfers as a percentage of total revenue increased by 0.5 percentage points from the previous year to 32.9 per cent. The percentage of federal transfers to total revenue has remained relatively consistent for the province over the past five years, ranging from a low of 32.4 per cent in 2011 to a high of 35.6 per cent in 2010.

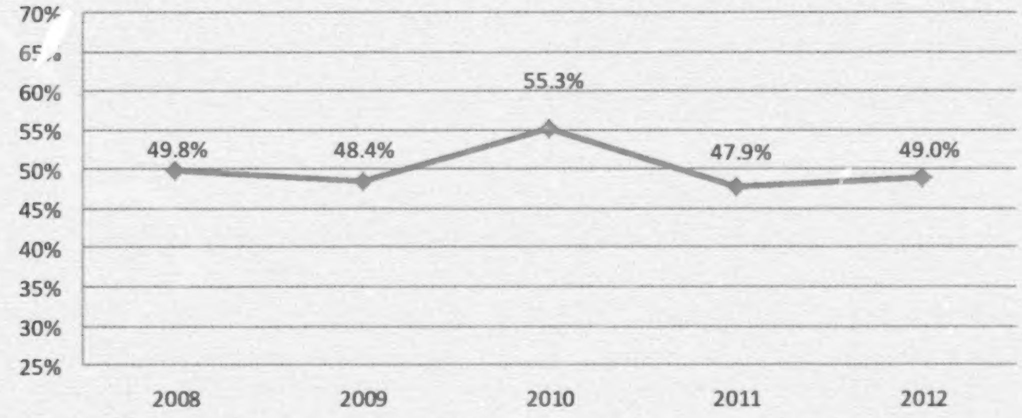
Federal Transfers to Total Revenue - 5 Year Trend



Federal Transfers to Own Source Revenue

This ratio measures the extent to which a province raises its own revenue from within the province as compared to the amount it receives from the federal government. Federal transfers as a percentage of own source revenue increased by 1.1 percentage points from the previous year to 49.0 per cent. The percentage of federal transfers to own source revenue over the past five years has ranged from a low of 47.9 per cent in 2011 to a high of 55.3 per cent in 2010.

Federal Transfers to Own Source Revenue - 5 Year Trend



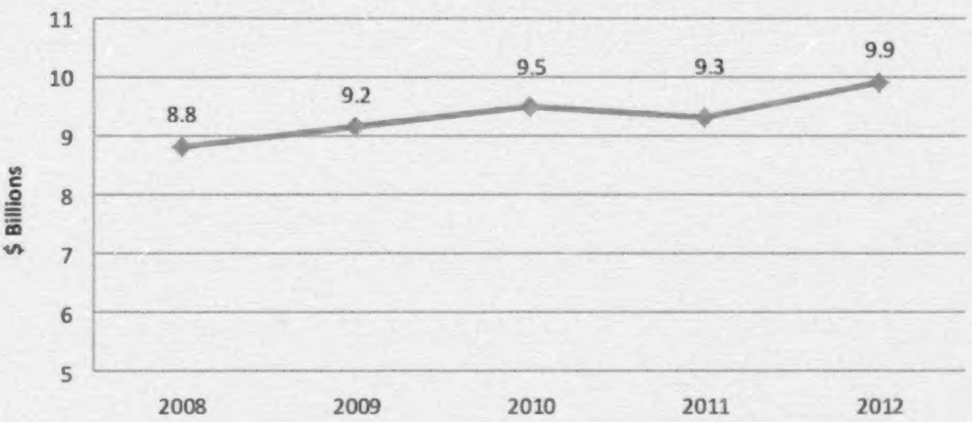
Expenses

The sources of expenses for the province have remained consistent with the prior year, with the health and education sectors making up 54.4 per cent of total expenses (56.3 per cent in 2011). Total expenses have increased $588.1 million over the previous year to $9.9 billion, primarily due to an increase of $293.7 million in Assistance to Universities, $106.1 million in Health and Wellness, $124.1 million in Community Services, and $42.3 million in Education. Other departmental expenses combined for an increase of $21.9 million.

Total expenses were $3.2 million lower than estimate. Health and Wellness, Education, and Community Services were over budget by a combined $188.6 million, while the remaining departmental expenses were under budget by a combined $191.8 million.

Expenses **($ thousands)**	**Adjusted Estimate 2012**	**Actual 2012**	**Actual 2011** *(as restated)*	**Actual vs Estimate**	**Actual vs Actual**
Health and Wellness	3,841,370	3,932,626	3,826,520	91,256	106,106
Education	1,408,619	1,468,528	1,426,271	59,909	42,257
Community Services	1,010,090	1,047,543	923,433	37,453	124,110
Labour and Advanced Education and Universities	776,991	778,648	498,972	1,657	279,676
Transportation and Infrastructure Renewal	421,239	412,204	406,434	(9,035)	5,770
Justice	302,111	297,287	288,836	(4,824)	8,451
Service Nova Scotia and Municipal Relations	275,607	260,366	297,768	(15,241)	(37,402)
Debt Servicing Costs	906,410	860,377	866,491	(46,033)	(6,114)
Other Expenses	982,698	864,313	799,113	(118,385)	65,200
Total Expenses	9,925,135	9,921,892	9,333,838	(3,243)	588,054

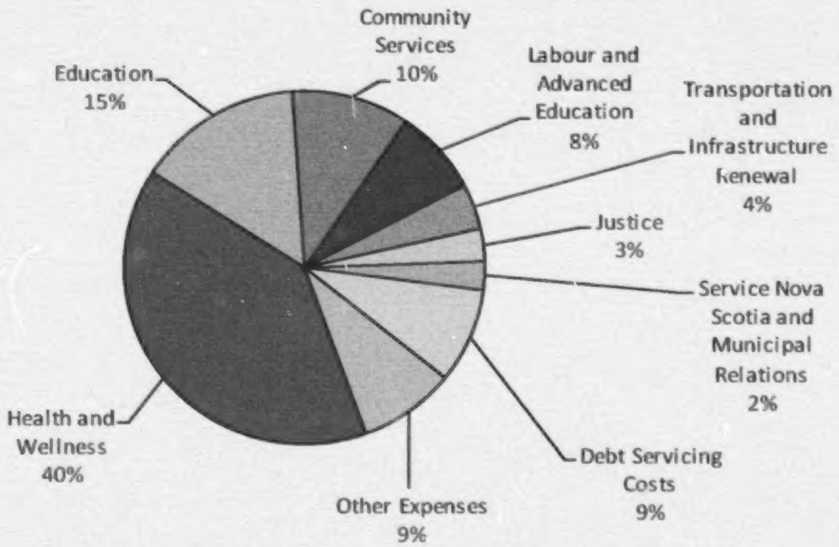
Total Expenses - 5 Year Trend



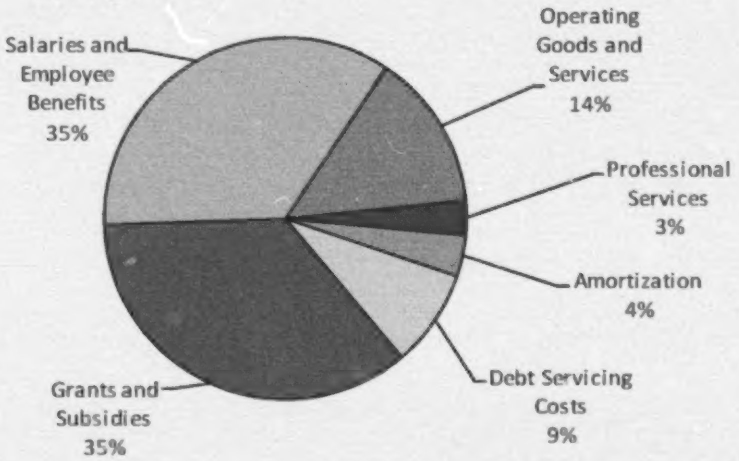
Expenses by Function and by Object

The province's expenses by major activities and by object have been consistent over the past five years. The related breakdowns for 2012 were as follows:

Expenses By Function - 2012



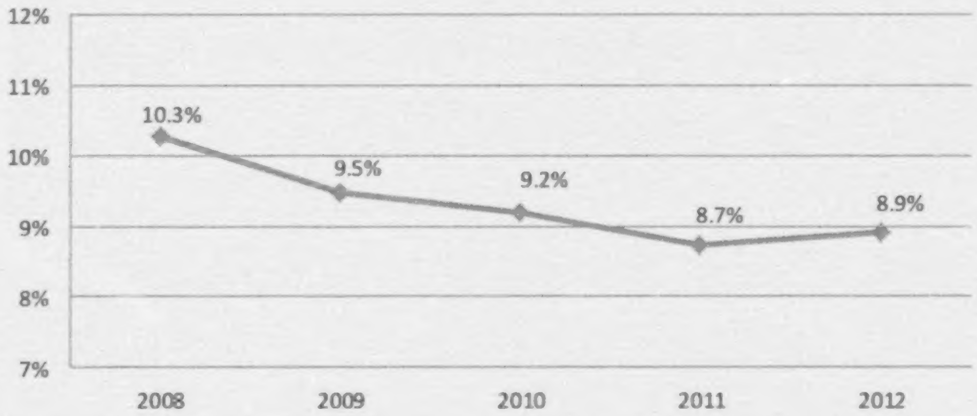
Expenses By Object - 2012



Debt Servicing Costs to Total Revenue

Debt servicing costs as a percentage of total revenue shows how much of every dollar of revenue was needed to pay interest and thus was not available to pay for program initiatives. A lower ratio means that there is more revenue available to provide government services. Over the past five years, the percentage of debt servicing costs to total revenue has decreased from a high of 10.3 per cent in 2008 to 8.9 per cent in 2012. The ratio was at a low of 8.7 per cent in 2011.

Debt Servicing Costs to Total Revenue - 5 Year Trend



Net Debt

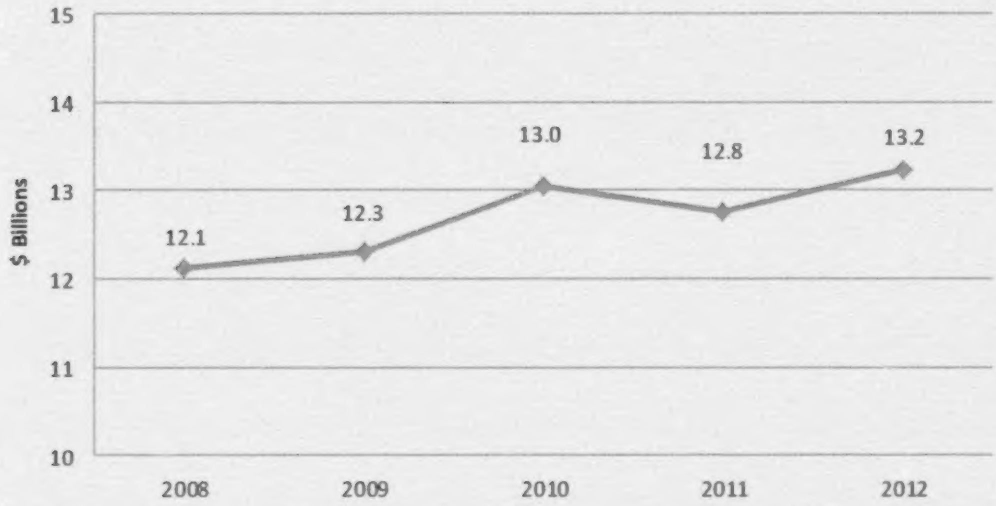
The Consolidated Statement of Financial Position reports the balances of financial assets, liabilities, and non-financial assets. It discloses the balance of net debt as a key measure of the province's financial position and accumulated deficits as a secondary measure.

Net debt is the amount that current and past generations have accumulated through annual deficits and net investments in tangible capital assets. It represents the amount of liabilities to be funded from future revenues, including taxation. These amounts remain an obligation for future generations to fund through annual surpluses or to continue to carry as debt. Net debt results when a government's total liabilities exceed its total financial assets.

Net debt was $13.2 billion at March 31, 2012, which was $485.2 million higher than the previous year due to the $248.5 million deficit and $245.3 million net investment in tangible capital assets. Other small changes impacting the balance of net debt were a $0.3 million increase in supplies inventory and a decrease of $8.9 million in prepaid expenses.

The Province of Nova Scotia has reported net debt in the past five years as follows:

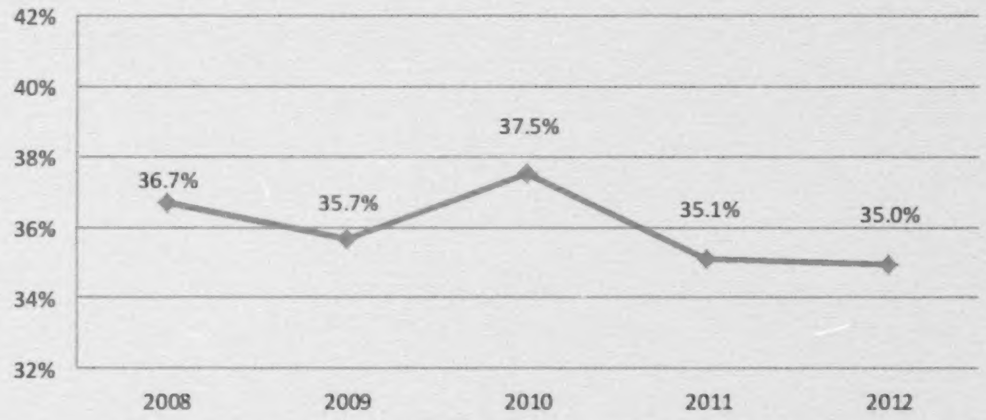
Net Debt - 5 Year Trend



Net Debt to Gross Domestic Product

Net debt as a percentage of the province's GDP provides a measure of the level of financial demands placed on the economy by the province's spending and taxation policies. A higher ratio means the net debt of the province is more onerous on the future generations. This ratio decreased 0.1 percentage points to 35.0 per cent in 2012. Over the past five years, net debt to GDP has ranged from low of 35.0 per cent in 2012 to a high of 37.5 per cent in 2010.

Net Debt to GDP - 5 Year Trend

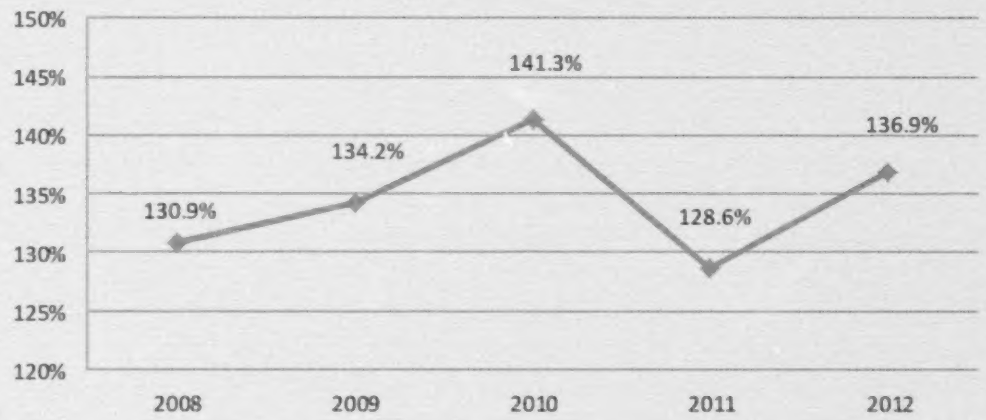


Net Debt to Total Revenue

Net debt provides a measure of the future revenues required to pay for past deficits and events. An increasing ratio of net debt to total revenue would indicate that more time is necessary to eliminate net debt.

Net debt as a percentage of total revenue increased 8.3 percentage points from the previous year to 136.9 per cent. Over the past five years, this ratio has ranged from a low of 128.6 per cent in 2011 to a high of 141.3 per cent in 2010.

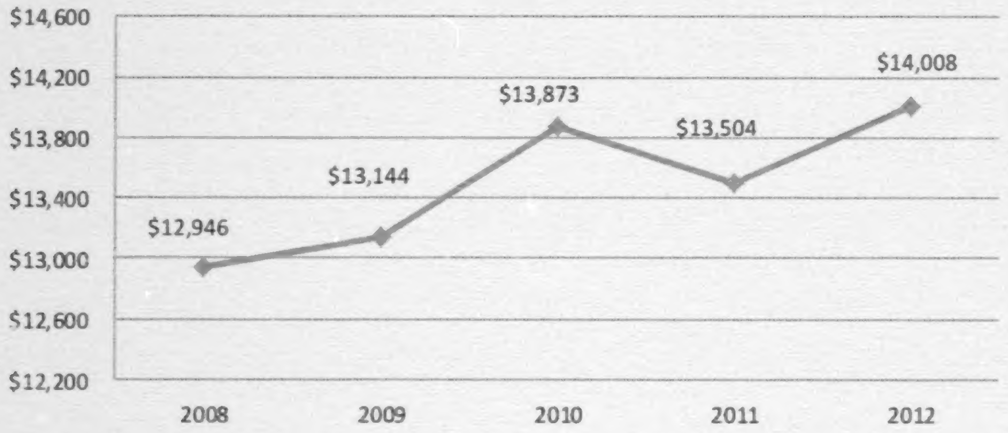
Net Debt to Total Revenue - 5 Year Trend



Net Debt per Capita

Net debt per capita increased by $504 from $13,504 in 2011 to $14,008 in 2012. An increase in net debt per capita shows that the province's debt is increasing at a faster rate than the growth in Nova Scotia's population.

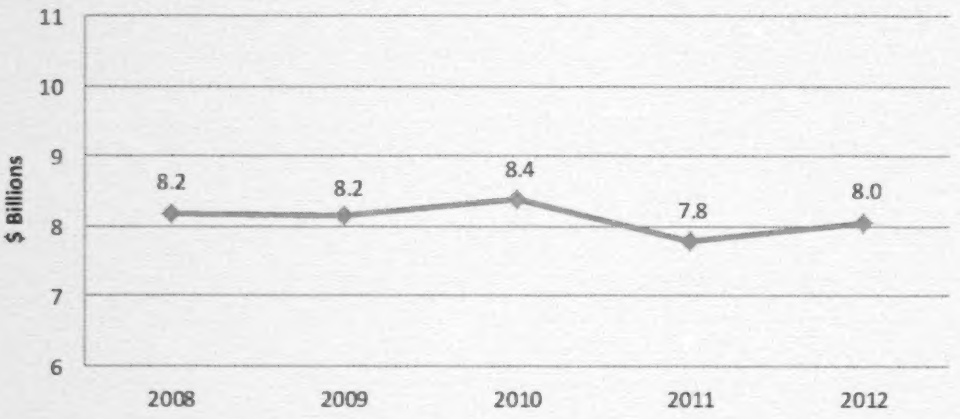
Net Debt per Capita - 5 Year Trend



Accumulated Deficits

Accumulated deficits represent the difference between the province's liabilities and both its financial and non-financial assets. Further, they are the sum of all surpluses and deficits incurred to date, calculated according to current accounting policies. The accumulated deficits were $8.0 billion at the end of 2012, higher compared to 2011 as a result of the current year's deficit of $248.5 million.

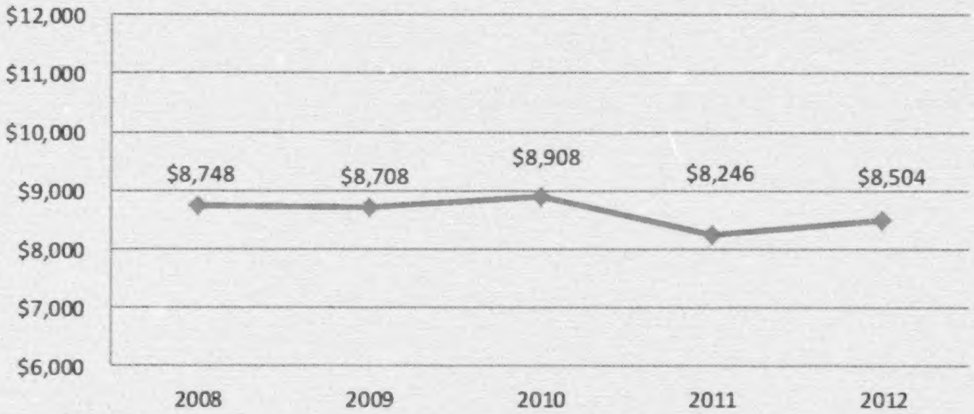
Accumulated Deficits - 5 Year Trend



Accumulated Deficits per Capita

Accumulated deficits increased $258 per capita from $8,246 in 2011 to $8,504 in 2012. Over the past five years, accumulated deficits per capita have ranged from a low of $8,246 in 2011 to a high of $8,908 in 2010 with an overall decline of $244 since 2008.

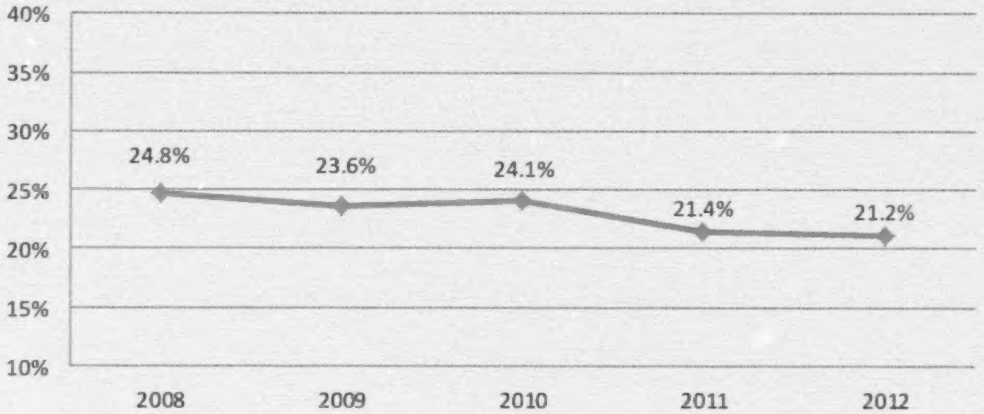
Accumulated Deficits per Capita - 5 Year Trend



Accumulated Deficits to Gross Domestic Product

Accumulated deficits expressed as a percentage of GDP decreased 0.2 percentage points from 21.4 per cent in 2011 to 21.2 per cent in 2012 mainly due to the deficit being offset by the growth in GDP. Over the past five years, accumulated deficits to GDP have ranged from a low of 21.2 per cent in 2012 to a high of 24.8 per cent in 2008 with an overall decline of 3.6 percentage points since 2008.

Accumulated Deficits to GDP - 5 Year Trend



Financial Assets

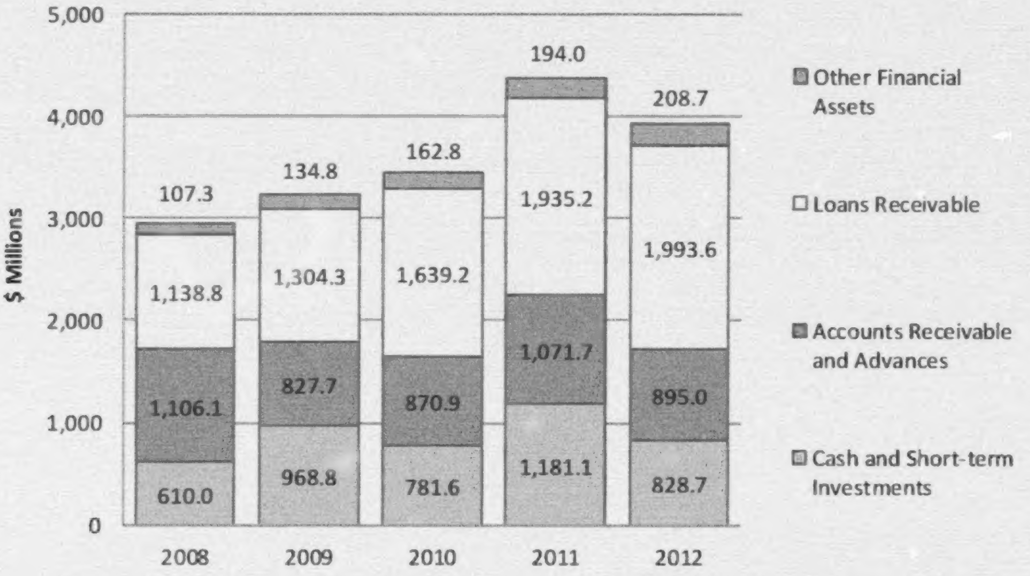
Financial assets consist of assets available to discharge existing liabilities or to finance future operations. Financial assets decreased $456.0 million from the previous year to $3.9 billion at the end of 2012. Cash and short-term investments decreased by $352.4 million as a result of the operating, investing, capital, and financing activities explained on page 42. Accounts receivable and advances decreased by $176.6 million from the previous year.

Loans receivable increased from last year by $58.4 million as a result of Nova Scotia Housing Development Corporation's loan portfolio increasing by $79.8 million due to infrastructure loans to long-term care providers, additional lending net of repayments by the General Revenue Fund of $5.8 million, and Nova Scotia Strategic Opportunities Fund of $8.3 million. These increases were offset by declines in the loan portfolios of Nova Scotia Business Inc. of $11.1 million, Nova Scotia Municipal Finance Corporation of $23.0 million, and other changes totaling $1.4 million.

Financial Assets
($ thousands)

	Actual 2012	% of Total	Actual 2011 *(as restated)*	% of Total	Variance Increase (Decrease)
Cash and Short-Term Investments	828,661	21.1%	1,181,094	27.0%	(352,433)
Accounts Receivable and Advances	895,024	22.8%	1,071,657	24.5%	(176,633)
Loans Receivable	1,993,626	50.8%	1,935,215	44.2%	58,411
Other Financial Assets	208,688	5.3%	194,027	4.3%	14,661
Total Financial Assets	3,925,999	100.0%	4,381,993	100.0%	(455,994)

Financial Assets - 5 Year Trend



Investment in Government Business Enterprises

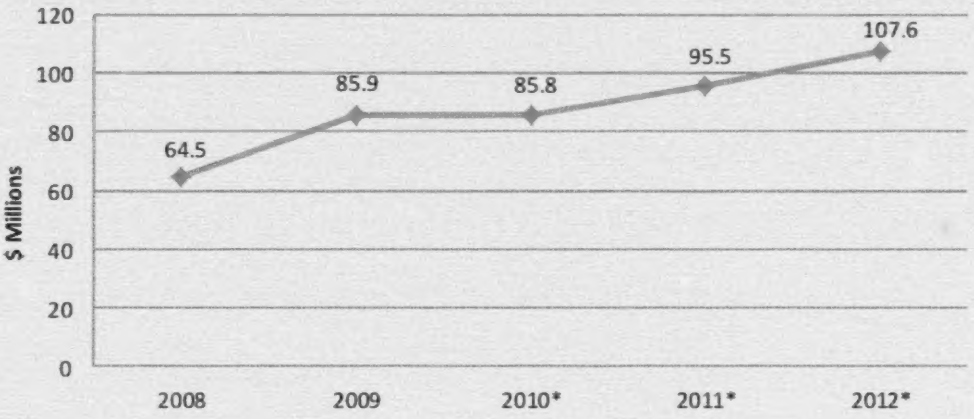
Other Financial Assets includes the province's financial position in its government business enterprises (GBEs), which has continually improved from a net investment of $64.5 million at March 31, 2008 to a net investment of $107.6 million at March 31, 2012.

The Accounting Standards Board (AcSB) adopted International Financial Reporting Standards (IFRS) as Canadian Generally Accepted Accounting Principles (GAAP) for publicly accountable enterprises (PAEs) for fiscal years beginning on or after January 1, 2011. As a result, the province's four GBEs were required to prepare their 2012 financial statements including comparative information for 2011 in compliance with IFRS. In addition to this conversion to IFRS, Nova Scotia Liquor Corporation (NSLC) changed the presentation of its payable to the Minister of Finance from a liability to equity on a retroactive basis.

Over the past five years, net equity of the Halifax-Dartmouth Bridge Commission increased $37.2 million, Highway 104 Western Alignment Corporation increased $4.7 million, Nova Scotia Gaming Corporation decreased $12.8 million, and Nova Scotia Liquor Corporation increased $14.0 million.

More detailed information about GBEs is provided in Schedule 6 on page 99 of this publication.

Investment in GBEs - 5 Year Trend



** Prepared in accordance with International Financial Reporting Standards (IFRS).*
All prior year balances have been restated to conform with this year's presentation format.

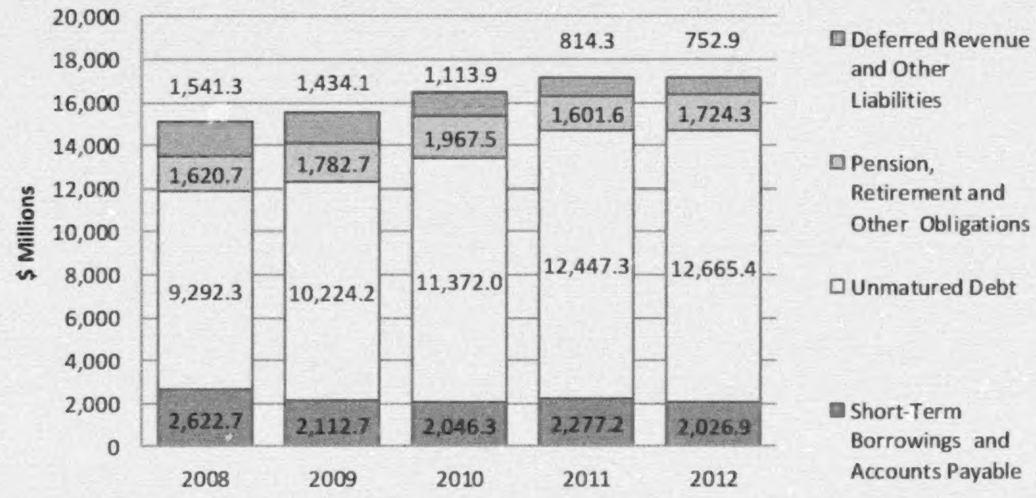
Liabilities

Liabilities, consisting of debts or monetary obligations owing at March 31 to be paid in the future with cash or other assets, increased by $29.2 million over the previous year to $17.2 billion at the end of 2012. Unmatured debt increased by $218.2 million over the previous year due primarily to $2.3 billion of debt issued to take advantage of favourable financial market conditions and historically low interest rates to pre-borrow for future years as well as to fund the annual deficit, finance the activities of crown corporations, acquire tangible capital assets, and refinance maturing debt. These borrowings were offset by $1.8 billion in debt repayments. Pension, retirement and other obligations, which include the first time recognition of accumulated sick leave benefits of the province's school boards, increased by $122.7 million based on external valuations including updated member data, actuarial assumptions, and plan amendments. These increases were offset by decreases in accounts payable and accrued liabilities of $118.6 million as well as bank advances and short-term borrowings of $131.6 million. Deferred revenue was drawn down by $130.4 million largely due to the recognition of $134.1 million from the Offshore Accord. Additional information on deferred revenue is provided in Note 4 of the Public Accounts on page 79.

Liabilities
($ thousands)

	Actual 2012	% of Total	Actual 2011 *(as restated)*	% of Total	Variance Increase (Decrease)
Bank Advances and Short-Term Borrowings	405,215	2.4%	536,862	3.1%	(131,647)
Accounts Payable and Accrued Liabilities	1,621,706	9.4%	1,740,302	10.2%	(118,596)
Deferred Revenue	265,207	1.5%	395,560	2.3%	(130,353)
Unmatured Debt	12,665,417	73.8%	12,447,250	72.6%	218,167
Pension, Retirement and Other Obligations	1,724,295	10.0%	1,601,582	9.3%	122,713
Other Liabilities	487,653	2.9%	418,752	2.5%	68,901
Total Liabilities	17,169,493	100.0%	17,140,308	100.0%	29,185

Liabilities - 5 Year Trend

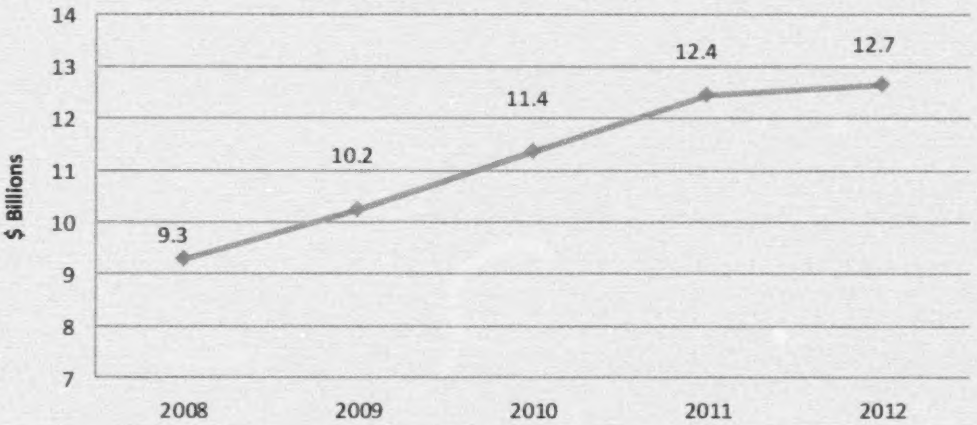


Unmatured Debt

Unmatured debt increased to $12,665.4 million as at March 31, 2012, of which $12,444.2 million is attributable to the General Revenue Fund, $215.5 million to Nova Scotia Housing Development Corporation, and $5.7 million to other controlled entities.

Over the past five years, unmatured debt has grown from a low of $9.3 billion in 2008 to a high of $12.7 billion in 2012.

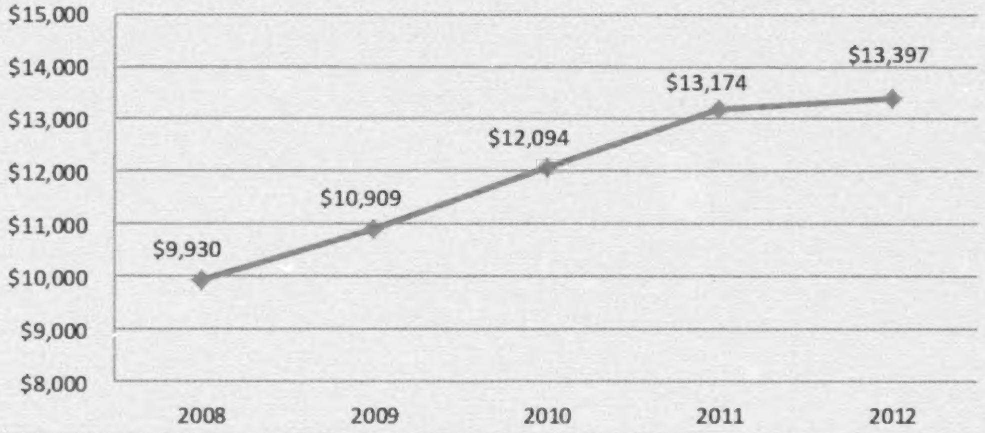
Unmatured Debt - 5 Year Trend



Unmatured Debt per Capita

Unmatured debt increased $223 per capita from $13,174 in 2011 to $13,397 in 2012. Over the past five years, unmatured debt per capita has ranged from a low of $9,930 in 2008 to a high of $13,397 in 2012, an increase of $3,467 per capita during that period.

Unmatured Debt per Capita - 5 Year Trend



Credit Ratings

The Province of Nova Scotia's credit ratings were confirmed by all three major credit rating agencies during 2012. In June 2012, Dominion Bond Rating Service confirmed the province's credit rating at "A" but raised the outlook to positive from stable. Standard and Poor's maintained the "A+" (stable outlook). The province's credit rating with Moody's Investor Services Inc. rating was confirmed at "Aa2" (stable outlook) in 2012. The following table details these Nova Scotia ratings relative to its provincial peers. Note that (neg) refers to a negative outlook and (pos) a positive outlook, indicating the rating agency may change the respective province's credit rating over the next year.

Credit Ratings

Province	Moody's Investors Service Inc.	Standard and Poor's	Dominion Bond Rating Service
Nova Scotia	Aa2	A+	A (pos)
Newfoundland and Labrador	Aa2	A+	A
Prince Edward Island	Aa2	A	A (low)
New Brunswick	Aa2	A+	A (high)
Quebec	Aa2	A+	A (high)
Ontario	Aa2	AA-(neg)	AA (low)
Manitoba	Aa1	AA	A (high)
Saskatchewan	Aa1	AAA	AA
Alberta	Aaa	AAA	AAA
British Columbia	Aaa	AAA	AA (high)
Canada	Aaa	AAA	AAA

Capital Markets Issuance Initiatives

The province borrows funds in capital markets on an on going basis to refinance maturing debt, fund budgetary deficits, acquire tangible capital assets, and lend monies to crown corporations. In broad terms, budgetary deficits act to increase the annual borrowing requirements, while surpluses serve to reduce the province's borrowing needs. However, the relationship is not exact as there may be a number of cash flow timing differences.

The province maintains the ability to borrow funds for future requirements should financial market conditions be favourable to do so, or may postpone borrowing in term debt markets if financial market conditions are unfavourable. The province maintains discretionary sinking funds in the form of a pool of liquid assets to assist in the refinancing of maturing debt. Pre-borrowing for future years may add to the level of those funds. These discretionary sinking funds can only be used to repay debt.

The Province of Nova Scotia borrowed $1,989.0 million in long-term debt in 2012. This amount was higher than the estimate of $1,613.0 million as the province took advantage of favourable financial market conditions and historically low interest rates to pre-borrow for future years. The province's borrowing program was completed by way of six public debt issues for $1,550.0 million, $345.5 million by way of a private placement of a 50-year debt issue, the roll-over of $78.4 million of a Canada Pension Plan (CPP) debenture, and a $15.0 million retail structured note. The Department of Finance pre-borrowed $450.0 million for future years. The province maintains access to a diversity of borrowing sources, both domestic and international. This access is a key factor in maintaining a broad demand for Nova Scotia debt issues and achieving lower borrowing costs.

Financial Risk Management

Foreign Currency Risk

In order to more fully access global capital markets, the Province of Nova Scotia maintains the ability to borrow in currencies other than the Canadian dollar. The province has mitigated its exposure to foreign currency debt in recent years through the active use of derivatives where appropriate and by the accumulation of US dollar-denominated assets held in sinking funds to offset outstanding US dollar issues. As at March 31, 2012, the province's debt continued to have no exposure to foreign currency fluctuations. This position was unchanged as compared to March 31, 2011.

The province's sinking funds held no assets in US dollars as at March 31, 2012, other than the province's own US dollar-denominated bonds. These funds were therefore not subject to net foreign exchange fluctuations.

Public Sector Accounting standards require that all financial amounts in the financial statements be presented in Canadian dollars. Conversion of un-hedged foreign currency amounts outstanding is calculated annually at March 31. That conversion results in a foreign currency gain or loss from year-to-year as the currency exchange rates fluctuate. As described in Note 1(d) on page 75, the foreign exchange gains or losses on long-term financial items are amortized over the remaining life of the related item. At year-end, unamortized foreign exchange was in a net gain position for the province of $165.7 million.

Interest Rate Risk

As a net debtor in financial markets, the province is exposed to the risks posed by movements in interest rates. The province is exposed to interest rate risk as maturing debenture issues are refinanced at current market rates. Some exposure to fluctuating short term rates is maintained in the debt portfolio to lower expected debt servicing costs. The province has policies in place that set exposure limits on interest rate risk. Control is maintained over this exposure through the active management by the province of its gross debt and asset portfolios.

The debt portfolio's exposure to floating interest rates decreased to 12.5 per cent for the fiscal year ended March 31, 2012 (down from 14.3 per cent at March 31, 2011). The province is able to exercise control of this variable in the portfolio by maintaining access to capital markets and through the use of derivatives. With 87.5 per cent of the total principal in fixed interest rate form (up from 85.7 per cent at March 31, 2011), there is expected to be a significant degree of stability in debt servicing costs in coming years. At March 31, 2012, the average term to maturity of the gross debt portfolio stood at 13.6 years, up 2.6 years from a year earlier due to the long-dated issuance during the fiscal year.

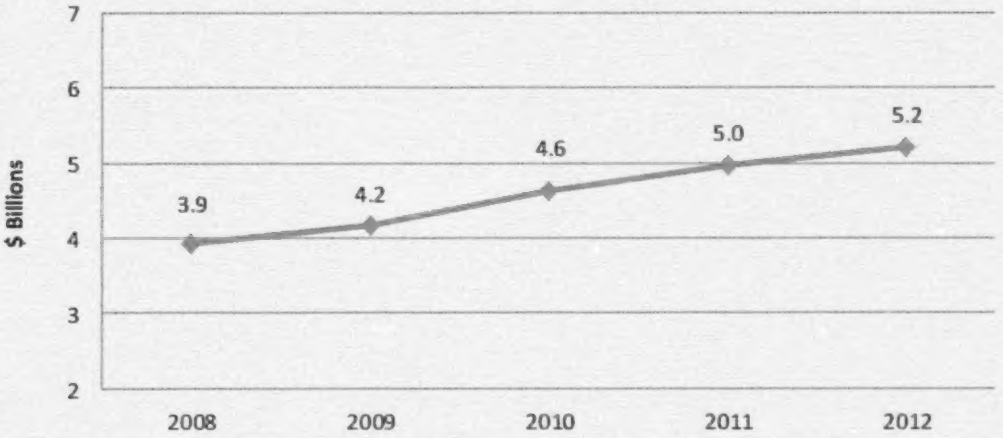
Non-Financial Assets

Non-financial assets are a component of the province's financial position and are assets to be used during the provision of services in the future. Non-financial assets consist primarily of tangible capital assets but also include inventories of supplies and prepaid expenses. Total non-financial assets increased by $236.7 million from $5.0 billion at the end of 2011 to $5.2 billion at the end of 2012. Over the past five years, total non-financial assets have increased from $3.9 billion at the end of 2008 to $5.2 billion at the end of 2012, largely in the form of tangible capital asset acquisitions.

Non-Financial Assets
($ thousands)

	Actual 2012	% of Total	Actual 2011	% of Total	Variance Increase (Decrease)
Tangible Capital Assets	5,122,215	98.4%	4,876,924	98.2%	245,291
Inventories of Supplies	57,039	1.1%	56,732	1.1%	307
Prepaid Expenses	24,513	0.5%	33,402	0.7%	(8,889)
Total Non-Financial Assets	5,203,767	100.0%	4,967,058	100.0%	236,709

Non-Financial Assets - 5 Year Trend



Tangible Capital Assets

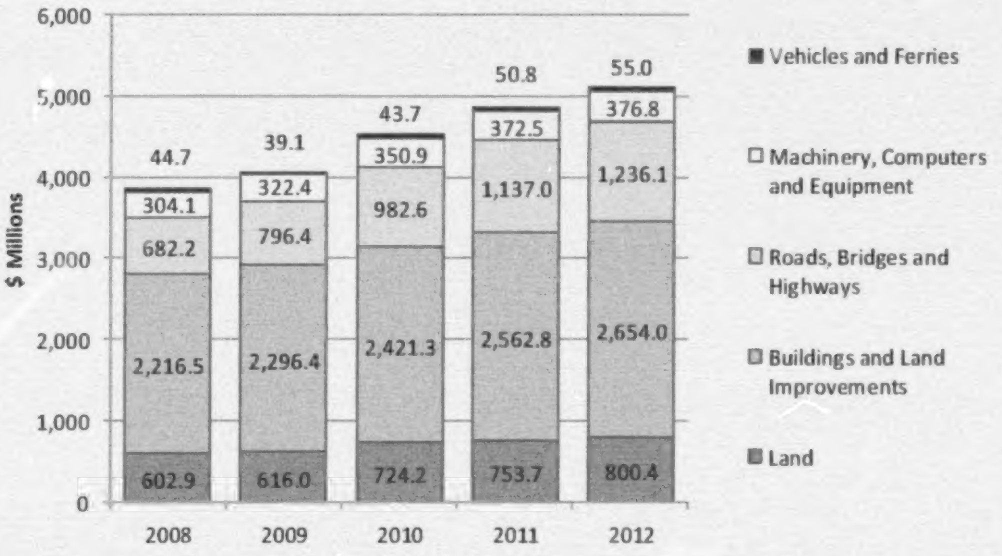
The net book value (acquisition cost less accumulated amortization) of tangible capital assets is a significant asset to the province, totaling $5.1 billion at the end of 2012, an increase of $245.3 million from $4.9 billion at the end of the previous year. The Buildings and Land Improvements asset class includes all of the provincially owned buildings, schools, and hospitals, as well as a large number of leased schools and the correctional forensic facility.

Tangible Capital Assets (Net Book Value)

($ thousands)

	Actual 2012	% of Total	Actual 2011	% of Total	Variance Increase (Decrease)
Land	800,385	15.6%	753,744	15.5%	46,641
Buildings and Land Improvements	2,653,991	51.8%	2,562,826	52.6%	91,165
Roads, Bridges and Highways	1,236,059	24.1%	1,137,049	23.3%	99,010
Machinery, Computers and Equipment	376,769	7.4%	372,514	7.6%	4,255
Vehicles and Ferries	55,011	1.1%	50,791	1.0%	4,220
Total Tangible Capital Assets	5,122,215	100.0%	4,876,924	100.0%	245,291

Tangible Capital Assets - 5 Year Trend

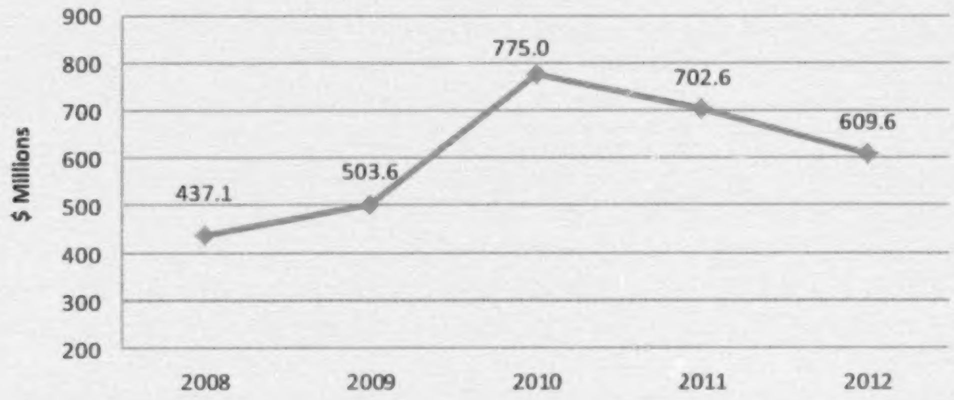


Acquisition of Tangible Capital Assets

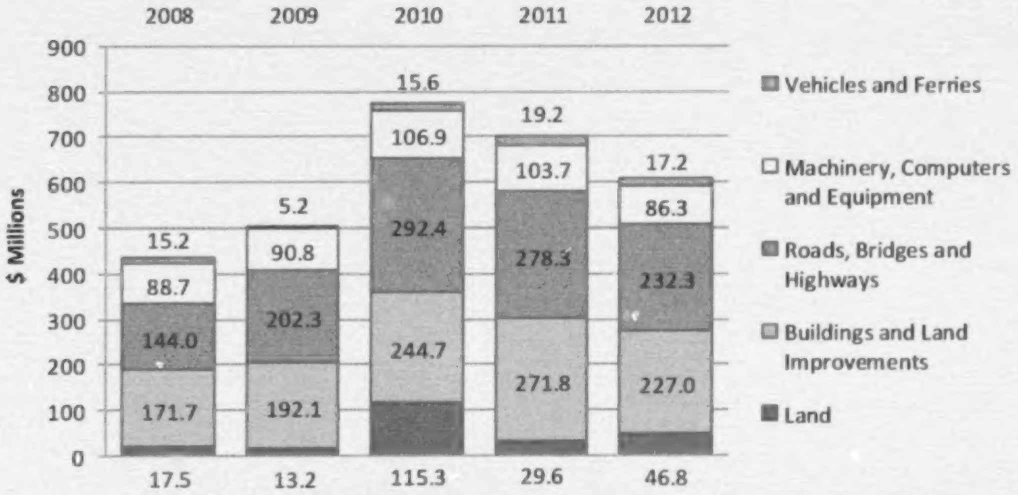
Current year acquisitions and transfers totaled $609.6 million compared to $702.6 million in 2011. Additions to the Buildings and Land Improvements category totaled $227.0 million (2011 - $271.8 million), of which $128.3 million related to the construction and improvement of buildings in the General Revenue Fund, $88.8 million related to district health authorities, $7.8 million related to social housing, and $2.1 million related to other additions made by various governmental units.

Total investments in land were $46.8 million (2011 - $29.6 million) and total investments in Roads, Bridges and Highways were $232.3 million (2011 - $278.3 million). Additions to Machinery, Computers and Equipment during the current year were $86.3 million (2011 - $103.7 million), of which $52.1 million was attributable to the General Revenue Fund, $28.5 million to district health authorities, and $5.7 million to various other governmental units. Over the past five years, acquisitions of tangible capital assets have ranged from a low of $437.1 million in 2008 to a high of $775.0 million in 2010.

Tangible Capital Assets (Acquisitions at Gross Cost)



5 Year Trend (By TCA Category)



Cash Flows

The province records its transactions on an accrual basis in accordance with generally accepted accounting principles (GAAP) for the public sector, the timing of which may vary from when actual cash is paid or received. The Consolidated Statement of Cash Flow (Statement 4) on page 72 of this publication details the increase or decrease in the province's cash flows in terms of the sources and uses of cash identified within the following activities: operating, investing, capital, and financing.

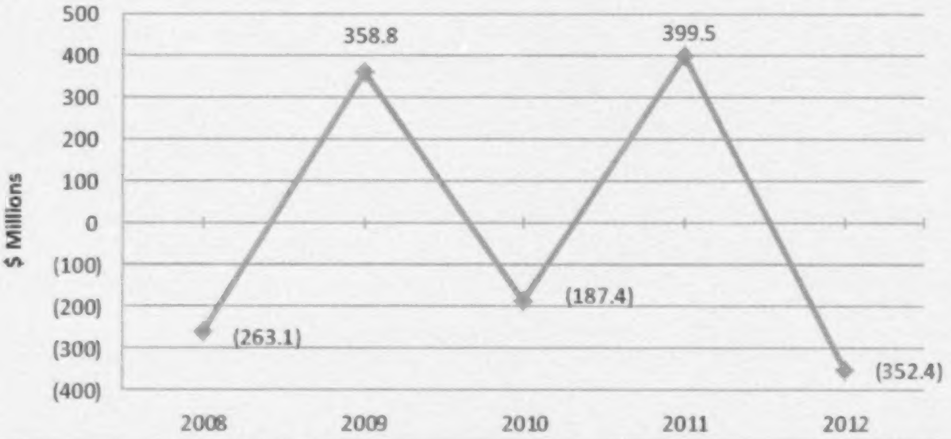
During 2012, the province's overall cash position decreased by $352.4 million. Cash inflows were generated primarily from financing activities in the issuance of $2.3 billion of debt offset by repayments of $1.8 billion. Cash outflows were used to purchase $609.6 million in tangible capital assets, $363.2 million in investments offset by $270.7 million in loan repayments, $81.3 million in operating activities, and $69.0 million in other cash outflows.

Cash Flows by Category

($ thousands)

	Actual 2012	Actual 2011 *(as restated)*	Variance Increase (Decrease)
Operating	(81,304)	272,937	(354,241)
Investing	(61,007)	(322,298)	261,291
Capital	(607,400)	(700,612)	93,212
Financing	397,278	1,149,513	(752,235)
Net Inflows (Outflows)	(352,433)	399,540	(751,973)

Net Cash Flows - 5 Year Trend



Risk

The province is subject to various forms of risk inherent in the nature of certain financial statement elements and financial markets. Exposure to risk from the use of accounting and other estimates in recording certain transactions is discussed in Note 1(e) of the consolidated financial statements (page 77 of this publication). Financial risks, including foreign currency risk and interest rate risk, are also discussed on page 38 of this publication.

NOVA SCOTIA

Selected Highlights of the General Revenue Fund

for the fiscal year ended March 31, 2012

Selected Highlights of the General Revenue Fund
($ thousands)

	Estimate 2012	Actual 2012	Actual 2011 *(as restated)*
General Revenue Fund *			
Ordinary Revenue	7,771,549	7,792,768	8,078,041
Fees and Other Charges	64,896	70,842	70,103
Ordinary Recoveries	582,751	600,849	607,348
Sinking Fund Earnings	104,803	106,768	102,234
	8,523,999	8,571,227	8,857,726
Less: Departmental Expenses	8,344,763	8,235,372	7,873,722
Tax Credits and Rebates	74,943	68,320	48,860
Pension Valuation Adjustment	31,761	38,042	(24,728)
Debt Servicing Costs	885,485	840,172	848,236
	9,336,952	9,181,906	8,746,090
	(812,953)	(610,679)	111,636
Consolidation and Accounting Adjustments for the General Revenue Fund and Governmental Units			
General Revenue Fund Consolidation Adjustments	70,554	15,692	4,409
Health and Hospital Boards Operations	2,854	47,212	44,578
School Board Operations	—	(2,921)	7,534
Special Purpose Funds	(880)	1,381	(6,018)
Other Organizations	(3,711)	(69,471)	65,303
	68,817	(8,107)	115,806
Net Income from Government Business Enterprises			
Nova Scotia Gaming Corporation	112,900	135,222	127,094
Nova Scotia Liquor Corporation	228,066	221,615	223,159
Other Enterprises	13,613	13,479	7,706
	354,579	370,316	357,959
Provincial Surplus (Deficit)	(389,557)	(248,470)	585,401

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* *The General Revenue Fund is comprised of the province's departments and public service units, but excludes other governmental units and government business enterprises owned or controlled by the province.*

Revenue — General Revenue Fund

In total, revenue of the General Revenue Fund for the year ending March 31, 2012 was \$47.2 million or 0.6 per cent higher than estimate and \$286.5 million or 3.2 per cent lower than the prior year's revenue. The table below shows the current year estimate, current and prior year actual revenues, and current year variances compared to estimate and to prior year. Explanations, by revenue source, for the most significant variances follow this table.

Revenue (\$ thousands)	Estimate 2012	Actual 2012	Actual 2011	Actual vs Estimate Increase (Decrease)	Actual vs Actual Increase (Decrease)
Provincial Sources			*(as restated)*		
Tax Revenue					
Personal Income Tax	1,981,275	2,053,723	1,960,540	72,448	93,183
Corporate Income Tax	393,743	372,344	408,687	(21,399)	(36,343)
Harmonized Sales Tax	1,621,243	1,598,236	1,487,146	(23,007)	111,090
Tobacco Tax	213,112	208,631	211,856	(4,481)	(3,225)
Motive Fuel Tax	253,653	250,186	255,395	(3,467)	(5,209)
Other Provincial Revenue					
Registry of Motor Vehicles	110,897	117,084	112,281	6,187	4,803
Petroleum Royalties	110,352	117,955	172,683	7,603	(54,728)
Offshore Licenses Forfeitures	—	—	433	—	(433)
Other Provincial Sources	285,186	308,219	312,110	23,033	(3,891)
TCA Cost Shared Revenue	3,150	3,433	11,462	283	(8,029)
Prior Years' Adjustments	—	(63,589)	219,271	(63,589)	(282,860)
Fees and Other Charges	64,896	70,842	70,103	5,946	739
Ordinary Recoveries	278,187	293,886	304,649	15,699	(10,763)
Gain on Disposal of Crown Assets	—	2,144	—	2,144	2,144
Investment Income					
Interest Revenue	96,617	82,011	73,472	(14,606)	8,539
Sinking Fund Earnings	104,803	106,768	102,234	1,965	4,534
Total Provincial Sources	5,517,114	5,521,873	5,702,322	4,759	(180,449)
Federal Sources					
Equalization Payments	1,342,552	1,407,242	1,360,723	64,690	46,519
Canada Health Transfer	758,947	759,934	728,602	987	31,332
Canada Social Transfer	315,047	315,916	309,233	869	6,683
Crown Share	21,666	30,053	29,717	8,387	336
Offshore Accord	167,755	167,755	227,225	—	(59,470)
Other Federal Sources	16,410	10,392	60,983	(6,018)	(50,591)
Wait Times Reduction Transfer	6,840	6,859	6,916	19	(57)
C48 Infrastructure Trust Funds	—	—	490	—	(490)
C52 Trust Funds	700	730	2,863	30	(2,133)
Knowledge Infrastructure Program	4,641	4,951	32,661	310	(27,710)
TCA Cost Shared Revenue	67,763	38,995	95,002	(28,768)	(56,007)
Ordinary Recoveries	304,564	306,963	302,699	2,399	4,264
Prior Years' Adjustments	—	(436)	(1,710)	(436)	1,274
Total Federal Sources	3,006,885	3,049,354	3,155,404	42,469	(106,050)
Total Revenues	8,523,999	8,571,227	8,857,726	47,228	(286,499)

Revenue Variance Analysis — General Revenue Fund

Personal Income Tax

Personal Income Tax (PIT) revenue was $72.4 million or 3.7 per cent higher than estimate and $93.2 million or 4.8 per cent higher than the prior year due to stronger than anticipated labour market conditions and growth in employment income compared to the estimate. This was augmented by an increased yield rate as well as a reduction in the expected cost of personal income tax credits based upon lower take-up rates.

Corporate Income Tax

Corporate Income Tax (CIT) revenue was $21.4 million or 5.4 per cent lower than estimate and $36.3 million or 8.9 per cent lower than the prior year primarily as a result of corporate taxable income from large filers being significantly below projections. Successive reductions of 0.5 percentage points in the small business corporate income tax rate in 2011 and 2012 also contributed to the decline.

Harmonized Sales Tax

Harmonized Sales Tax (HST) revenue was $23.0 million or 1.4 per cent lower than estimate and $111.1 million or 7.5 per cent higher than the prior year. The reduction from estimate was primarily due to downward revisions to growth in the consumer expenditure tax base in 2011. Consumer expenditures on goods and services accounted for approximately 70 per cent of the province's HST base. In addition, rebates, notably the residential energy rebate, were higher than estimated. These were partially offset by stronger than anticipated growth in the residential housing investment tax base for 2011.

The increase over the prior year was primarily as a result of the full-year impact of the two percentage points increase in the HST rate effective July 1, 2010. All tax bases exhibited growth year-over-year, partially offset by the growth in rebates experienced.

Tobacco Tax

Tobacco Tax revenue was $4.5 million or 2.1 per cent lower than estimate and $3.2 million or 1.5 per cent lower than the prior year mainly due to consumption of cigarettes being lower than anticipated as volume did not grow year-over-year. The consumption of fine cut tobacco declined by 1.8 per cent year-over-year. Consumption declined as a result of tobacco price increases and long-term cessation trends. Growth in the Consumer Price Index for tobacco products also resulted in downward pressure on tobacco consumption and revenues.

Motive Fuel Tax

Motive Fuel Tax revenue was $3.5 million or 1.4 per cent lower than estimate and $5.2 million or 2.0 per cent lower than the prior year as a result of a decline in the consumption of both gasoline and diesel oil due to higher than anticipated retail prices. The average retail price of gasoline in 2011-12 was $1.33 per litre compared to an estimate of $1.24 per litre and average price of $1.14 in 2010-11, while the average retail price of diesel oil was also $1.33 per litre compared to an estimate of $1.21 per litre and average price of $1.13 last year. The slowing growth of labour income year-over-year also contributed to the decreases in consumption.

Petroleum Royalties

Offshore Petroleum Royalties were $7.6 million or 6.9 per cent higher than estimate and $54.7 million or 31.7 per cent lower than the prior year. The increase from estimate was primarily due to higher than anticipated levels of production and lower than expected capital and operating costs. Natural gas prices declined but were offset by higher market prices for oil. The decrease from prior year was related to declining production volumes from the Sable Offshore Energy Project along with the impact of abandonment costs to be incurred by interest holders.

Offshore Licenses Forfeitures

Offshore License Forfeitures were $0.4 million lower than the prior year. No exploration licenses were forfeited in the current year. Forfeiture is not unusual given the unpredictable nature of the offshore industry. The province's accounting policy is to record forfeiture revenue when a notice of forfeiture is given. Offshore Licenses Forfeitures are not budgeted because they cannot be reasonably predicted.

Other Provincial Sources

Other Provincial Sources were $23.0 million or 8.1 per cent higher than estimate mainly due to an increase of $13.8 million in corporate capital tax on financial institutions stemming from the Bank of Canada mandating higher capital requirements to reduce banking risk, $1.9 million in capital tax on non-financial institutions from higher than expected capital holdings of corporations, $2.8 million in tax on insurance premiums, and a net increase of $4.5 million in other sources.

Other Provincial Sources were $3.9 million or 1.2 per cent lower than the prior year primarily as a result of a decrease of $13.8 million in capital tax on non-financial institutions because of the continued phasing out of the tax, offset by a $12.2 million increase in corporate capital tax on financial institutions because of higher than expected capital requirements, and a net decrease of $2.3 million in other sources.

Prior Years' Adjustments — Provincial Sources

Prior Years' Adjustments (PYAs) from Provincial Sources were a negative $63.6 million reflective of updates to the province's economic forecast and federal government information on forecasted tax yields of personal and corporate income taxes, revisions to HST forecasts for open years, and the large corporation capital tax. The adjustments were also affected by revisions to offshore royalty revenue forecasts of prior years.

Provincial PYA revenue was $282.9 million or 129.0 per cent lower from the prior year due to a significant decline in the 2010 projections for Corporate Income Tax and the absence of any large PYAs for Personal Income Tax.

PYAs are not budgeted because they cannot be reasonably estimated. The sources of the PYA revenue in the current fiscal year were attributable to: $1.9 million from personal income tax, a reduction of $77.0 million from corporate income tax, a reduction of $0.1 million from harmonized sales tax, a reduction of $5.3 million from offshore petroleum royalties, $3.8 million from miscellaneous PYAs, and $12.9m from large corporations capital tax. The current year and PYA revenues are reported on Schedule 1 (page 90) as follows:

($ thousands)	2012			2011		
	Current	PYA	Total	Current	PYA	Total
Personal Income Tax	2,053,723	1,977	2,055,700	1,960,540	92,770	2,053,310
Corporate Income Tax	372,344	(76,950)	295,394	408,687	64,366	473,053
Harmonized Sales Tax	1,598,235	(105)	1,598,130	1,487,146	27,996	1,515,142
Petroleum Royalties	117,955	(5,275)	112,680	172,683	24,325	197,008
Miscellaneous *	—	3,852	3,852	—	—	—
Large Corporations Tax *	18,955	12,912	31,867	32,727	9,814	42,541

** Included in Other Tax Revenue on Schedule 1 of the consolidated financial statements*

Ordinary Recoveries – Provincial Sources

Ordinary Recoveries were $15.7 million or 5.6 per cent higher than estimate mainly due to $12.0 million in increases from other Canadian provinces, $5.0 million from municipalities primarily for healthcare, and $8.0 million in recoveries of prior year expenses recorded in restructuring. These increases were partially offset by reductions in Community Services because of a lower than expected draw on federal Early Learning Child Care funds. Ordinary Recoveries were $10.8 million or 3.5 per cent lower than the prior year.

Interest Revenue

Interest Revenue was $14.6 million or 15.1 per cent lower than estimate primarily as a result of a change in the reporting of certain asset swaps as well as lower interest rates on swap positions. The net exposure of these swaps was reclassified and recorded to reduce interest revenue to reflect the province's policy of applying hedge accounting to effective hedges. Interest revenue was $8.5 million or 11.6 per cent higher than the prior year mainly due to higher than expected interest revenue from Nova Scotia Housing Development Corporation and Nova Scotia Fish and Aquaculture Loan Board.

Equalization Payments

Equalization payments were $64.7 million or 4.8 per cent higher than estimate as a result of an increased payment of $64.7 million for the Cumulative Best-of Guarantee. Equalization payments were $46.5 million or 3.4 per cent higher than the prior year as a result of the increased payment for the Cumulative Best-of Guarantee, offset by a decline in the Total Transfer Protection payment made by the federal government.

Canada Health Transfer

Canada Health Transfer (CHT) payments were $1.0 million or 0.1 per cent higher than estimate primarily as a result of new population forecasts released by Statistics Canada in the fall of 2011. CHT payments were $31.3 million or 4.3 per cent higher than the prior year mainly due to the legislated 6.0 per cent annual escalator in the national pool of cash available for distribution. This was partially offset by the fact that the province's share of the national population declined since last year.

Canada Social Transfer

Canada Social Transfer (CST) payments were $0.9 million or 0.3 per cent higher than estimate as a result of new population forecasts released by Statistics Canada in the fall of 2011. CST payments were $6.7 million or 2.2 per cent higher than the prior year due to the legislated 3.0 per cent annual escalator in the national pool of cash available for distribution. This was partially offset by the fact that the province's share of the national population declined since last year.

Crown Share

The Crown Share Adjustment Payment was $8.4 million or 38.7 per cent higher than estimate, which reflects the recommendation of the Expert Panel calculation being finalized and federal regulations being put into effect. Crown Share was $0.3 million or 1.1 per cent higher than the prior year. Crown Share payments arise from the resolution of the federal government's statutory obligation to pay Nova Scotia its portion of revenues from offshore projects.

Offshore Accord

Offshore Accord payments are calculated based on the one-estimate/one-payment approach and are not re-estimated during the fiscal year. The Offshore Accord Payment was $59.5 million or 26.2 per cent lower than the prior year as a result of lower offshore natural resource revenues being included in the weighted average calculation of the Equalization program.

Other Federal Sources

Other Federal Sources of revenue were $6.0 million or 36.7 per cent lower than estimate and $50.6 million or 83.0 per cent lower than the prior year primarily as a result of various federal trusts coming to the end of their respective lives, particularly the Community Development Trust was down $16.0 million from the prior and Building Canada Fund (Stimulus Component) was down by $32m.

Knowledge Infrastructure Program

The Knowledge Infrastructure Program (KIP) was a federal/provincial initiative to provide post secondary educational institutions with funding for infrastructure projects. KIP revenue was $0.3 million or 6.7 per cent higher than estimate and $27.7 million or 84.8 per cent lower than the prior year due to the program coming to the end of its funding term. The province recognized KIP revenue once provincial expenditures under this program were incurred.

TCA Cost Shared Revenue — Federal Sources

Federal TCA Cost Shared Revenue was $28.8 million or 42.5 per cent lower than estimate mainly due to decreases in Transportation and Infrastructure Renewal (TIR) of $20.3 million from delays in the new convention centre and other projects, Education and Health each by $5.0 million from project timing, offset by an increase in Communities, Culture and Heritage (CCH) of $1.5 million for the Bluenose restoration project.

Federal TCA Cost Shared Revenue was $56.0 million or 59.0 per cent lower than the prior year mainly due to decreases in TIR of $57.0 million from lower highway stimulus funding of $34.0 million, base funding of $6.0 million, municipal funding of $6.0 million, funding from Canada Strategic Infrastructure Fund (CSIF) of $6.0 million, and various other funding of $5.0 million. Other decreases were experienced in CCH by $2.0 million due to less Bluenose construction and Education by $3.0 million due to project timing, while Health TCA revenue increased by $6.0 million on various projects.

Prior Years' Adjustments — Federal Sources

Prior Years' Adjustments (PYAs) from Federal Sources were $0.4 million lower than estimate and $1.3 million or 25.5 per cent higher than the prior year as the impact of population re-estimates for open years of the CHT and CST were less significant. PYAs are not budgeted because they cannot be reasonably estimated.

The sources of the PYA revenue in the current fiscal year were attributable to: $1.0 million reduction for Canada Health Transfer and $0.6 million increase for Canada Social Transfer. The related current year federal revenues and PYAs are reported on Schedule 1 (page 90) as follows:

($ thousands)	2012			2011		
	Current	PYA	Total	Current	PYA	Total
Canada Health Transfer	759,934	(993)	758,941	728,602	(2,173)	726,429
Canada Social Transfer	315,916	557	316,473	309,233	463	309,696

Departmental Expenses — General Revenue Fund

Overall, departmental expenses of the General Revenue Fund for the fiscal year ended March 31, 2012 were $109.4 million or 1.3 per cent lower than estimate. The table below shows the current year estimate, current and prior year actual expenses, and current year variance from actual to estimate. The analysis that follows this table includes explanations, by department, for the most significant variances.

Departmental Expenses
($ thousands)

Department	Estimate 2012	Actual 2012	Actual 2011 (as restated)	Actual vs Estimate Increase (Decrease)
Agriculture	61,115	63,704	64,274	2,589
Communities, Culture and Heritage	55,100	54,236	54,289	(864)
Community Services	985,084	975,572	958,427	(9,512)
Economic and Rural Development and Tourism	125,610	107,709	106,836	(17,901)
Education	1,135,237	1,131,055	1,130,144	(4,182)
Energy	30,462	30,202	30,110	(260)
Environment	27,582	26,652	47,427	(930)
Finance	36,007	33,552	31,076	(2,455)
Fisheries and Aquaculture	8,462	8,284	12,818	(178)
Health and Wellness	3,768,259	3,757,896	3,696,026	(10,363)
Justice	302,036	295,490	285,247	(6,546)
Labour and Advanced Education	345,211	339,072	336,228	(6,139)
Assistance to Universities	384,792	387,215	93,545	2,423
Natural Resources	92,845	101,245	93,776	8,400
Public Service	178,938	165,803	150,398	(13,135)
Seniors	1,881	1,866	1,734	(15)
Service Nova Scotia and Municipal Relations	274,761	260,017	297,927	(14,744)
Transportation and Infrastructure Renewal	420,362	408,853	404,403	(11,509)
Restructuring Costs	111,019	86,949	78,667	(24,070)
Loss on Disposal of Crown Assets	—	—	370	—
Total Departmental Expenses	8,344,763	8,235,372	7,873,722	(109,391)

Request for final additional appropriations for year-end adjustments must be submitted to the Governor-in-Council no later than 15 days after the date of the tabling of these Public Accounts. These amounts are summarized by appropriation on pages 58 and 59.

The consolidation of departmental expenses with that of governmental units provides the total expenses for which government is accountable. This table provides the expenses by department prior to the consolidation, as compared to the prior fiscal year and the budget, which are the estimates as approved by the Legislature in the annual *Appropriations Act*.

Expense Variance Analysis — General Revenue Fund

Community Services

The Department of Community Services was $9.5 million or 1.0 per cent less than budget primarily due to lower than expected spending of $11.8 million in Housing Services as a result of reduced stimulus operating spending and a change in accounting treatment for capital grants, $6.7 million in the Family & Children's Services Division due to declining caseloads in the Child Welfare Maintenance program and delays in Early Learning and Child Care (ELCC) expansion projects, and $3.6 million in administration.

Savings were partially offset by increased spending in Services for Persons with Disabilities (SPD) of $10.9 million and Employment Support and Income Assistance (ESIA) of $1.7 million. These variances are due primarily to rising special needs expenditures and higher than expected caseloads.

Economic and Rural Development

The Department of Economic and Rural Development and Tourism spent $17.9 million or 14.3 per cent less than budget. The Nova Scotia Jobs Fund, which replaced the Industrial Expansion Fund, was under spent by $6.7 million due to the timing of investments. Two components of the Productivity Investment Program, the Capital Investment Incentive and the Workplace Innovation and Productivity Skills Incentive, were under budget by $9.5 million due to the timing of claims for reimbursement. Savings from staff vacancies and other administrative operations across the department totaled $1.7 million.

Education

The Department of Education was $4.2 million or 0.4 per cent less than budget primarily due to savings of $4.9 million from delays in repairs to dust collectors and lower amortization of $1.9 million due to delays in new school openings. Other administrative savings amounted to $0.4 million. These savings were partially offset by an increase in expenditures of $2.0 million due to the Mikmaw Kinamatnewey Education agreement and $1.0 million in French Language Grants, which are 100% recoverable.

Health and Wellness

The Department of Health and Wellness spent $10.4 million or 0.3 per cent less than budget. Long Term Care was under spent by $16.1 million mainly due to construction delays in the opening of new beds. Provincial Programs and Initiatives were under spent by $7.7 million due to IT project timing delays, reduction in project costs, lower than expected use of blood products, and surpluses in Provincial Programs due to vacancies and operational efficiencies. Other District Health Authorities Initiatives were under budget by $6.5 million due to delays in Nurse Practitioners initiatives and lower than expected 811 call volumes. In addition, executive administration and other areas had savings of $7.3 million mainly due to operational efficiencies and vacancies.

Health and Wellness (continued)

These savings were partially offset by increases of $9.4 million in Pharmaceutical Services due to delayed implementation of cost reduction strategies and cost increases in cancer drugs. Insured Services was over budget $7.0 million due to an increase in utilization by out-of-country patients. Home Care Services increased by $4.0 million due to an increase in utilization for home support and nursing services as well as medical supplies. There was an increase in capital grants of $2.7 million due to additional requirements for District Health Authorities emergency infrastructure and equipment funding, which was offset by capital construction delays. Other increases also included operational pressures of $2.4 million in District Health Authorities and a $1.7 million increase in Emergency Health Services mainly due to a change requiring ambulance user fees to be reported on a gross basis.

Justice

The Department of Justice spent $6.5 million or 2.2 per cent less than budget. Spending on Public Safety and Security was under spent by $2.8 million mainly due to the Royal Canadian Mounted Police contracts. Operating expenses were under budget $3.8 million primarily due to vacancies and other operational efficiencies across the department. These savings were partially offset by increases in Nova Scotia Legal Aid, Fatality Investigation, and the Emergency Management Office.

Labour and Advanced Education

The Department of Labour and Advanced Education spent $6.1 million or 1.8 per cent less than budget. This was primarily due to under spending of $4.0 million in program grants for the Labour Market Agreement and the Targeted Initiative for Older Workers. Operating expenses were under budget by $5.0 million primarily due to vacancy management and operational efficiencies. These savings were partially offset by increased spending of $2.9 million in student assistance, which is partially recoverable from the Federal Government.

Natural Resources

The Department of Natural Resources spent $8.4 million or 9.0 per cent more than budget. The increased spending was the result of the ongoing measures to mitigate the economic impact caused by the shutdown and proposed sale of the Port Hawkesbury paper mill. The measures are intended to maintain critical capacity and forest management services to facilitate the potential sale and subsequent re-startup of mill operations.

Public Service

In total, the Public Service was $13.1 million or 7.3 per cent under budget. The significant variances, which total $12.2 million, include the following:

Chief Information Office

The Chief Information Office spent $2.4 million or 9.4 per cent less than budget due to a reduction in both amortization and operational expenses.

Executive Council

Executive Council spent $6.1 million or 27.3 per cent less than budget. This was primarily the result of a $6.0 million transfer from the Change and Innovation Fund to Tangible Capital Assets for approved capital projects for Service Nova Scotia and Municipal Relations, Finance, and Health and Wellness, offset by funding for emergency equipment and repairs.

Public Service (continued)

Legislative Services

Legislative Services spent $2.7 million or 10.1 per cent less than budget. This variance was primarily a result of savings of $1.1 million in the constituency offices related to the member allowances not wholly utilized and overall operating efficiencies of $0.9 million within the programs and services. In addition, the Office of the Speaker, Office of Legislative Counsel and Ministers' salaries and expenses were under spent $0.7 million as a result of vacancies and operating efficiencies.

Nova Scotia Business Inc.

Expenses for Nova Scotia Business Inc. were $3.0 million or 10.7 per cent less than budget primarily attributed to actual client results being less than budgeted for payroll rebates under the Strategic Investment Fund.

Public Prosecution Service

Actual expenses for Public Prosecution Service were $2.0 million or 10.5 per cent more than budget primarily due to salary and operational pressures.

Service Nova Scotia and Municipal Relations

Service Nova Scotia and Municipal Relations expenditures were $14.7 million or 5.4 per cent less than budget primarily due to lower than anticipated spending of $15.1 million for Building Canada Fund projects, a $2.7 million decrease in the Heating Assistance Rebate Program resulting from a lower number of applications, and under spending in various other grant programs of $0.8 million. These savings were partially offset by a $3.9 million increase in Federal Gas Tax spending based on the year-end surveys indicating municipal spending needs.

Transportation and Infrastructure Renewal

Transportation and Infrastructure Renewal was $11.5 million or 2.7 per cent under budget. Lower than expected capital project spending resulted in decreases of $6.7 million in amortization expense and $4.8 million in Public Works and Special Projects. The mild winter resulted in snow removal and ice control being under spent by $2.5 million. Departmental administrative and operational savings resulted in a $2.0 million decrease. These savings were partially offset by a $4.5 million increase in Highway and Bridges spending related to the damage inflicted by storms in late 2010 as well as increased third party recoverable maintenance work.

Restructuring Costs

Overall, Restructuring Costs were $24.1 million or 21.7 per cent lower than budget due to less than anticipated requirements for corporate initiatives.

Tangible Capital Assets – General Revenue Fund

Gross Capital Purchases

The province's policy is to capitalize the gross cost of its tangible capital assets. Recoveries from outside sources are recognized as revenue in the year the asset is purchased. Under the province's tangible capital assets policy, a percentage of the original cost of an asset is charged to expenses in each year of the useful life of the asset. This charge, called amortization, does not commence until the asset is available for use. Departments are required to budget for tangible capital asset purchases and the resulting amortization from the acquisition of these assets.

The costs of the estimated purchases of tangible capital assets are appropriated as the Capital Purchase Requirements, and the departmental details are noted below. Overall, spending for Capital Purchase Requirements was less than estimate by $1.7 million. Departmental savings amounted to $32.3 million. Highways and Bridges were under spent by $6.8 million as a result of lower than anticipated asphalt costs and bridge work as well as weather delays that were partially offset by increased repaving costs. Buildings and Infrastructure were under spent by $4.9 million largely due to site selection delays with the Northeast Nova Correctional Centre that was partially offset by increased spending for the AgriTech Park building and the Level 3 Treatment Facility. Other savings included $2.5 million on the Bluenose II Restoration project, $2.9 million on school construction, $7.6 million on information technology projects, and $7.6 million in other departments. These savings were offset by increased capital purchases of $30.6 million primarily due to a $23.7 million land purchase in support of the Bowater Mersey investment.

Gross Capital Purchases
($ thousands)

Department	Estimate 2012	Actual 2012	Variance Increase (Decrease)
Agriculture	640	486	(154)
Communities, Culture and Heritage	7,100	4,565	(2,535)
Community Services	1,200	377	(823)
Education	93,383	90,448	(2,935)
Environment	1,500	681	(819)
Finance	7,346	6,708	(638)
Fisheries and Aquaculture	30	28	(2)
Health and Wellness	21,299	16,288	(5,011)
Justice	665	912	247
Labour and Advanced Education	2,247	3,631	1,384
Natural Resources	6,800	34,266	27,466
Public Service	5,780	4,801	(979)
Service Nova Scotia and Municipal Relations	1,855	3,321	1,466
Transportation and Infrastructure Renewal			
Highways and Bridges	265,000	258,226	(6,774)
Buildings and Infrastructure	56,305	51,439	(4,866)
Cash Flow Contingency	6,745	—	(6,745)
Total Gross Capital Purchases	477,895	476,177	(1,718)

Amortization

The schedule below reflects the current year's estimate and actual amortization charged to operations of the General Revenue Fund for tangible capital assets acquired in 2012 and in prior years. The estimate for amortization expense is based on the gross cost of tangible capital assets.

Amortization
($ thousands)

Department	Estimate 2012	Actual 2012	Variance Increase (Decrease)
Agriculture	345	267	(78)
Communities, Culture and Heritage	145	141	(4)
Community Services	1,130	1,031	(99)
Economic and Rural Development and Tourism	358	358	—
Education	62,561	60,829	(1,732)
Energy	3	3	—
Environment	150	150	—
Finance	6,032	5,924	(108)
Fisheries and Aquaculture	56	52	(4)
Health and Wellness	20,564	18,060	(2,504)
Justice	1,764	1,491	(273)
Labour and Advanced Education	7,628	7,573	(55)
Natural Resources	1,187	920	(267)
Public Service	2,344	1,097	(1,247)
Service Nova Scotia and Municipal Relations	2,144	1,566	(578)
Transportation and Infrastructure Renewal	164,244	157,502	(6,742)
Total Amortization	270,655	256,964	(13,691)

Additional Appropriations

Relative to the *Appropriations Act, 2011* for the fiscal year ended March 31, 2012

($ thousands)

Res	Appropriation Area	Original Estimate	Additional Approved	Actual	Variance	Final Additional Appropriations Required
	Departmental Expenses					
1	Agriculture	61,115	2,792	63,704	(203)	–
2	Communities, Culture and Heritage	55,100	–	54,236	(864)	–
3	Community Services	985,084	–	975,572	(9,512)	–
4	Economic and Rural Development and Tourism	125,610	–	107,709	(17,901)	–
5	Education	1,135,237	–	1,131,055	(4,182)	–
6	Energy	30,462	–	30,202	(260)	–
7	Environment	27,582	–	26,652	(930)	–
8	Finance	36,007	–	33,552	(2,455)	–
10	Fisheries and Aquaculture	8,462	–	8,284	(178)	–
11	Health and Wellness	3,768,259	2,978	3,757,896	(13,341)	–
12	Justice	302,036	–	295,490	(6,546)	–
13	Labour and Advanced Education	345,211	–	339,072	(6,139)	–
14	Assistance to Universities	384,792	3,276	387,215	(853)	–
15	Natural Resources	92,845	15,000	101,245	(6,600)	–
16	Aboriginal Affairs	4,195	–	4,189	(6)	–
17	Chief Information Office	25,848	–	23,428	(2,420)	–
18	Communications Nova Scotia	9,353	–	9,211	(142)	–
19	Executive Council	22,432	–	16,306	(6,126)	–
20	FOIPOP Review Office	522	–	498	(24)	–
21	Government Contributions to Benefit Plans	8,719	–	9,039	320	320
22	Human Rights Commission	2,166	–	2,072	(94)	–
23	Intergovernmental Affairs	3,935	–	3,885	(50)	–
24	Legislative Services	26,413	–	23,750	(2,663)	–
25	Nova Scotia Business Inc.	27,679	–	24,715	(2,964)	–
26	Nova Scotia Police Complaints Commissioner	420	–	411	(9)	–
27	Nova Scotia Securities Commission	2,605	–	2,416	(189)	–
28	Nova Scotia Utility and Review Board	2,344	–	2,344	–	–
29	Office of the Auditor General	3,550	–	3,488	(62)	–
30	Office of the Ombudsman	1,598	–	1,539	(59)	–
31	Public Prosecution Service	18,924	1,648	20,913	341	341
32	Public Service Commission	18,235	–	17,599	(636)	–
33	Seniors	1,881	–	1,866	(15)	–
34	Service Nova Scotia and Municipal Relations	274,761	–	260,017	(14,744)	–
35	Transportation and Infrastructure Renewal	420,362	5,104	408,853	(16,613)	–
36	Restructuring Costs	111,019	–	86,949	(24,070)	–
	Total Departmental Expenses	8,344,763	30,798	8,235,372	(140,189)	661

Additional Appropriations (continued)

Relative to the *Appropriations Act, 2011* for the fiscal year ended March 31, 2012

($ thousands)

Res	Appropriation Area	Original Estimate	Additional Approved	Actual	Variance	Final Additional Appropriations Required
	Other Appropriations					
9	Debt Servicing Costs	885,485	–	840,172	(45,313)	–
37	Tax Credits and Rebates	74,943	–	68,320	(6,623)	–
38	Pension Valuation Adjustment	31,761	11,230	38,042	(4,949)	–
	Total Other Appropriations	992,189	11,230	946,534	(56,885)	–
	Statutory Capital					
39	Capital Purchase Requirements	477,895	6,950	476,177	(8,668)	–
40	Sinking Fund Installments and Serial Retirements	61,923	–	61,922	(1)	–
	Total Statutory Capital	539,818	6,950	538,099	(8,669)	–
	Total Additional Appropriations		48,978			661

Note: Section 28 (4) of the *Finance Act* requires that any final additional appropriation required for year-end adjustments be made to Governor-in-Council no later than 15 days after the date of the tabling of the Public Accounts.

Additional Appropriations Approved during 2012

Additional appropriations were approved during the year, as indicated in the table above. The details of these additional requests are as follows:

($ thousands)

Appropriation Area	Order in Council	Amount
Health and Wellness	2011-345	2,978
Natural Resources	2011-345	15,000
Public Prosecution Service	2011-345	1,000
Transportation and Infrastructure Renewal	2011-345	5,104
Capital Purchase Requirements	2011-437	6,950
Agriculture	2012-109	2,792
Assistance to Universities	2012-109	3,276
Public Prosecution Service	2012-109	648
Pension Valuation Adjustment	2012-109	11,230
Total		48,978

Debt Servicing Costs – General Revenue Fund

Debt servicing costs of the General Revenue Fund for the fiscal year ended March 31, 2012 were $840.2 million on a gross basis, $45.3 million or 5.1 per cent lower than estimate and $8.1 million or 1.0 per cent lower than the previous year.

Contributing to the reduction from estimate was $23.5 million in lower than projected interest costs realized on the province's borrowings, $34.2 million in general interest largely due to the reclassification of certain asset swaps, offset by an increase of $12.4 million in interest costs associated with pensions, retirement and other obligations.

The reclassified asset swaps related to financial assets of the Nova Scotia Municipal Finance Corporation, Nova Scotia Farm Loan Board, Nova Scotia Business Inc., and Nova Scotia Housing Development Corporation. The reclassified amount was recorded in interest revenue.

Debt Servicing Costs
($ thousands)

	Estimate 2012	Actual 2012	Actual 2011 *(as restated)*	Actual vs Estimate Increase (Decrease)
Interest on Long-Term Debt	737,671	714,145	701,769	(23,526)
General Interest	28,995	(5,211)	3,215	(34,206)
Interest on Pension, Retirement and Other Obligations	118,819	131,238	143,252	12,419
Debt Servicing Costs - Gross	**885,485**	**840,172**	**848,236**	**(45,313)**
Less: Sinking Fund Earnings	104,803	106,768	102,234	1,965
Debt Servicing Costs - Net	780,682	733,404	746,002	(47,278)

Debenture Debt

The General Revenue Fund's net debenture debt (outstanding debentures less Sinking Fund and Public Debt Retirement Fund assets) was $12.2 billion in Canadian dollar equivalents at March 31, 2012 ($11.9 billion as at March 31, 2011).

The Province of Nova Scotia provides sinking fund installments for certain term debt issues. Annual sinking fund installments generally range from 1.0 per cent to 3.0 per cent of the original issue, but may vary slightly from year to year based on actual and anticipated rates of return on sinking fund assets. Installments are designed to fully fund the issue over the life of the issue. Sinking Fund and Public Debt Retirement Fund assets are used solely for debt retirement.

Outstanding Debentures – (CDN$ Equivalents)
($ thousands)

	Actual 2012	Actual 2011
Debentures Payable in Canadian Dollars		
Canada Pension Plan Investment Fund	1,079,352	1,079,352
Other Issues	13,616,923	13,231,536
Less: Sinking Funds and Public Debt Retirement Fund	(2,538,965)	(2,394,581)
Net Debenture Debt	12,157,310	11,916,307

Annual Borrowing Plan — General Revenue Fund

The *Finance Act*, Section 35, provides for Governor-In-Council approval of an annual borrowing plan submitted by the Minister of Finance. The Minister of Finance was granted approval for a $2.25 billion borrowing plan for fiscal 2011-12. The Department of Finance requested authority somewhat larger than the borrowing program stated in the 2012 budget in the event that circumstances arose requiring the Department to borrow monies over the projected requirements, or financial markets were favourable and the Department deemed it prudent to pre-borrow for future years.

The Department of Finance took advantage of historically low interest rates and borrowed $1,989.0 million in 2012. This amount was above the estimate of $1,613.0 million as the Province took advantage of favourable financial market conditions and historically low interest rates to pre-borrow $450.0 million for future years.

NOVA SCOTIA

CONSOLIDATED FINANCIAL STATEMENTS

for the fiscal year ended March 31, 2012

Statement of Responsibility
for the Consolidated Financial Statements of the Province of Nova Scotia

Responsibility for the integrity, objectivity and fair presentation of the consolidated financial statements of the Province of Nova Scotia rests with the government. These financial statements are prepared on behalf of the Minister and Deputy Minister of Finance by the Controller in accordance with the accounting principles recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA and International Federation of Accountants accounting standards or pronouncements.

The consolidated financial statements include a Consolidated Statement of Financial Position, a Consolidated Statement of Operations and Accumulated Deficits, a Consolidated Statement of Change in Net Debt, and a Consolidated Statement of Cash Flow. They present fairly, in all material respects, the financial position and the results of operations for the year ended. The government is responsible for maintaining a system of internal accounting and administrative controls in order to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded, and financial records are properly maintained.

Under the mandate in section 19 of the Auditor General Act, the Auditor General of Nova Scotia provides an independent opinion on the consolidated financial statements prepared by the government.

Byron Rafuse, CMA
Controller and Associate Deputy Minister

NOVA SCOTIA

Office of the Auditor General

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Legislative Assembly of Nova Scotia:

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Province of Nova Scotia, which comprise the consolidated statement of financial position as at March 31, 2012, and the consolidated statements of operations and accumulated deficits, change in net debt and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibilities for the Consolidated Financial Statements

Management is responsible for the preparation and fair representation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles for the public sector and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards required that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of Matter

I draw attention to Note 8 to the consolidated financial statements which describes the measurement uncertainty related to accumulated sick leave benefits at March 31, 2012 in certain government units. My opinion is not qualified in respect of this matter.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Province of Nova Scotia as at March 31, 2012, and its consolidated financial performance and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for the public sector.

Jacques R. Lapointe, CA
Auditor General

July 30, 2012
Halifax, Nova Scotia

Statement 1

Province of Nova Scotia
Consolidated Statement of Financial Position
As at March 31, 2012
($ thousands)

	2012	2011 *(as restated)*
Financial Assets		
Cash and Short-Term Investments (Note 3)	828,661	1,181,094
Accounts Receivable and Advances	895,024	1,071,657
Inventories for Resale	8,970	8,969
Loans Receivable (Schedule 3)	1,993,626	1,935,215
Investments (Schedule 3)	92,130	89,534
Investment in Government Business Enterprises (Schedule 6)	107,588	95,524
	3,925,999	4,381,993
Liabilities		
Bank Advances and Short-Term Borrowings	405,215	536,862
Accounts Payable and Accrued Liabilities	1,621,706	1,740,302
Deferred Revenue (Note 4)	265,207	395,560
Accrued Interest	216,591	208,522
Unmatured Debt (Schedule 4)	12,665,417	12,447,250
Unamortized Foreign Exchange Translation Gains and Losses, Premiums and Discounts	222,933	150,069
Federal Equalization Repayable Loan (Note 6)	48,129	60,161
Pension, Retirement and Other Obligations (Note 7 and 8)	1,724,295	1,601,582
	17,169,493	17,140,308
Net Debt	(13,243,494)	(12,758,315)
Non-Financial Assets		
Tangible Capital Assets (Schedule 7)	5,122,215	4,876,924
Inventories of Supplies	57,039	56,732
Prepaid Expenses	24,513	33,402
	5,203,767	4,967,058
Accumulated Deficits	(8,039,727)	(7,791,257)

Accounting Changes (Note 2)
Trust Funds under Administration (Note 9)
Contingencies and Contractual Obligations (Note 13)
Subsequent Events (Note 15)
Direct Guarantees (Schedule 8)

The accompanying notes and schedules are an integral part of these Consolidated Financial Statements

Statement 2

Province of Nova Scotia
Consolidated Statement of Operations and Accumulated Deficits
For the fiscal year ended March 31, 2012
($ thousands)

	Adjusted Estimate 2012	Actual 2012	Actual 2011
Revenue (Schedule 1)			*(as restated)*
Provincial Sources			
Tax Revenue	4,624,276	4,603,868	4,694,857
Other Provincial Revenue	1,299,214	1,322,927	1,472,876
Net Income from Government Business Enterprises (Schedule 6)	354,579	370,316	357,959
Investment Income	201,420	197,017	181,741
	6,479,489	6,494,128	6,707,433
Federal Sources	3,056,089	3,179,294	3,211,806
Total Revenue	9,535,578	9,673,422	9,919,239
Expenses (Schedule 2)			
Agriculture	65,069	69,234	66,403
Communities, Culture and Heritage	56,970	55,649	55,468
Community Services	1,010,090	1,047,543	923,433
Economic and Rural Development and Tourism	178,069	159,066	147,186
Education	1,408,619	1,468,528	1,426,271
Energy	33,529	31,770	34,828
Environment	80,863	75,760	95,662
Finance	91,124	78,786	71,660
Fisheries and Aquaculture	8,462	8,284	13,087
Health and Wellness	3,841,370	3,932,626	3,826,520
Justice	302,111	297,287	288,836
Labour and Advanced Education	392,199	391,433	405,427
Assistance to Universities	384,792	387,215	93,545
Natural Resources	96,080	102,569	95,398
Public Service	152,928	138,032	123,555
Seniors	1,881	1,866	1,734
Service Nova Scotia and Municipal Relations	275,607	260,366	297,768
Transportation and Infrastructure Renewal	421,239	412,204	406,434
Restructuring Costs	111,019	36,935	69,391
Pension Valuation Adjustment	31,761	38,042	(24,728)
Tax Credits and Rebates	74,943	68,320	48,860
Net Loss on Disposal of Crown Assets	—	—	609
Debt Servicing Costs (Note 11)	906,410	860,377	866,491
Total Expenses (Note 10)	9,925,135	9,921,892	9,333,838
Provincial Surplus (Deficit)	(389,557)	(248,470)	585,401
Accumulated Deficits, Beginning of Year			
As Previously Reported		(7,860,273)	(8,429,374)
Accounting Changes (Note 2)		69,016	52,716
As Restated		(7,791,257)	(8,376,658)
Accumulated Deficits, End of Year		(8,039,727)	(7,791,257)

The accompanying notes and schedules are an integral part of these Consolidated Financial Statements

Statement 3

Province of Nova Scotia
Consolidated Statement of Changes in Net Debt
For the fiscal year ended March 31, 2012
($ thousands)

	Adjusted Estimate 2012	Actual 2012	Actual 2011 *(as restated)*
Net Debt, Beginning of Year			
As Previously Reported	(12,758,315)	(12,827,331)	(13,045,146)
Accounting Changes (Note 2)	–	69,016	52,716
As Restated	(12,758,315)	(12,758,315)	(12,992,430)
Changes in the Year *			
Provincial Surplus (Deficit)	(389,557)	(248,470)	585,401
Acquisitions and Transfers of Tangible Capital Assets	(477,895)	(609,649)	(702,639)
Amortization of Tangible Capital Assets	270,655	362,442	345,291
Disposals of Tangible Capital Assets	–	1,916	3,143
Decrease (Increase) in Inventories of Supplies	–	(307)	5,698
Decrease (Increase) in Prepaid Expenses	–	8,889	(2,779)
Total Changes in the Year	(596,797)	(485,179)	234,115
Net Debt, End of Year	(13,355,112)	(13,243,494)	(12,758,315)

* *Except for the Provincial Surplus (Deficit) figure, the adjusted estimates for items under Changes in the Year reflect the activity of the General Revenue Fund only*

The accompanying notes and schedules are an integral part of these Consolidated Financial Statements

Statement 4

Province of Nova Scotia
Consolidated Statement of Cash Flow
For the fiscal year ended March 31, 2012
($ thousands)

	2012	2011 *(as restated)*
Cash Inflows (Outflows) from the following activities:		
Operating		
Provincial Surplus (Deficit)	(248,470)	585,401
Sinking Fund and Public Debt Retirement Fund Earnings	(106,768)	(102,234)
Amortization of Premiums and Discounts on Unmatured Debt	(11,510)	(6,245)
Amortization of Tangible Capital Assets	362,442	345,291
Net Income from Government Business Enterprises	(370,316)	(357,959)
Profit Distributions from Government Business Enterprises	358,251	350,253
(Gain) Loss on Disposal of Tangible Capital Assets	(333)	1,116
Net Change in Other Items (Note 12)	(64,600)	(542,686)
	(81,304)	272,937
Investing		
Repayment of Loans	270,742	200,201
Advances and Investing	(363,179)	(544,102)
Write-offs	31,430	21,603
	(61,007)	(322,298)
Capital		
Acquisition of Tangible Capital Assets	(609,649)	(702,639)
Proceeds from Disposal of Tangible Capital Assets	2,249	2,027
	(607,400)	(700,612)
Financing		
Debt Issued	2,255,594	2,265,042
Repayment of Federal Equalization Repayable Loan	(12,032)	(12,032)
Foreign Exchange Amortization	(25,496)	(28,082)
Sinking Fund (Installments) Withdrawals	(37,617)	(88,128)
Repayment of Debt and Other Long-term Obligations	(1,783,171)	(987,287)
	397,278	1,149,513
Cash (Outflows) Inflows	(352,433)	399,540
Cash Position, Beginning of Year	1,181,094	781,554
Cash Position, End of Year	828,661	1,181,094
Cash Position Represented by:		
Cash and Short-Term Investments	828,661	1,181,094

The accompanying notes and schedules are an integral part of these Consolidated Financial Statements

Province of Nova Scotia
Notes to the Consolidated Financial Statements
As at March 31, 2012

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1. Financial Reporting and Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (GAAP) for the public sector that for purposes of the province's financial statements are represented by the Public Sector Accounting (PSA) standards of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants (CICA), supplemented where appropriate by other CICA and International Federation of Accountants accounting standards or pronouncements.

The consolidated financial statements were prepared using the following significant accounting policies:

(a) Government Reporting Entity

The government reporting entity (GRE) is comprised of the General Revenue Fund, other governmental units (GUs), government business enterprises (GBEs), and the province's proportionate share of government partnership arrangements (GPAs). GUs and GBEs represent the entities that are controlled by the government. Control is defined as the power to govern the financial and operating policies of another organization with expected benefits or the risk of loss to the government from the other organization's activities. Control exists regardless of whether the government chooses not to exercise its power to govern so long as it has the ability to govern. Control must exist at the financial statement date, without the need to amend legislation or agreements. GPAs represent entities for which decision making and significant risks and benefits are shared with other parties outside of the GRE.

Trusts administered by the province are excluded from the reporting entity and are disclosed in Note 9 for information purposes only.

(b) Principles of Consolidation

A GBE is a self-sustaining organization that has the financial and operating authority to sell goods and services to individuals and non-government organizations as its principal activity and source of revenue. GBEs are accounted for on the modified equity basis which does not require any accounting policy adjustments. The total net equity of all GBEs is included in the Statement of Financial Position. The total net income from GBEs is reported as a separate item in the Consolidated Statement of Operations and Accumulated Deficits.

A GPA is a contractual arrangement between the government and a party or parties outside the GRE. The partners have significant clearly defined common goals, make a financial investment in the partnership, share control of decision making, and share, on an equitable basis, the significant risks and benefits associated with the operations of the government partnership. Where significant, the government's interest in partnerships is accounted for using the proportionate consolidation method.

A GU is a government organization that is not a GBE or a GPA. GUs include government departments, public service units, funds, agencies, boards, commissions, service organizations, and government not-for-profit organizations. The accounts of GUs are consolidated on a line-by-line basis after adjusting the accounting policies to be consistent with those described in Note 1(d). Significant inter-organization accounts and transactions are eliminated.

A complete listing of the organizations within the GRE is provided in Schedule 10.

1. Financial Reporting and Accounting Policies (continued)

(c) Presentation of Estimates

Each year, the province prepares an annual budget, referred to as the Estimates, which represents the financial plan of the province presented by the Government to the House of Assembly for the fiscal year commencing April 1. The Estimates, forming the basis of the Appropriations Act, are prepared primarily for the management and oversight of the General Revenue Fund based upon the policies, programs, and priorities of the Government. Impacts of consolidation are summarized in the Estimates and included on a net basis as Consolidation and Accounting Adjustments.

For comparison with these consolidated financial statements, the Estimates were adjusted on a line-by-line basis to gross up the associated revenues and expenses of the consolidated entities.

(d) Significant Accounting Policies

Revenues
Revenues are recorded on the accrual basis. The main components of revenue are various taxes, legislated levies, program recoveries, user fees, and investment income. Revenues from Personal and Corporate Income Taxes, as well as Harmonized Sales Tax, are accrued in the year earned based upon estimates using statistical models. Tax revenues are recorded at the amount estimated, after considering adjustments for tax credits and other adjustments from the federal government.

Government transfers are recognized as revenue in the period during which the transfer is authorized and all eligibility criteria are met. Transfers are recorded as deferred revenue if they are restricted for a stated purpose, such as a specific program or the purchase of tangible capital assets.

Expenses
Expenses are recorded on the accrual basis and are reported in more detail in Note 10, Expenses by Object. Grants are recognized in the period during which the grant is authorized and all eligibility criteria are met by the recipients. Provisions are made for probable losses on certain loans, investments, loan guarantees, accounts receivable, advances, forgivable loans, and for contingent liabilities when it is likely that a liability exists and the amount can be reasonably determined. These provisions are updated as estimates are revised, at least annually.

Financial Assets
Cash and Short-Term Investments are recorded at cost, which approximate market value. Investments are R-1 (low, mid, high) rated federal and provincial government bills or promissory notes, bankers' acceptances, term deposits, and commercial paper. Terms of investments are generally 1 to 90 days. The average interest rate was 1.02 per cent at year-end.

Accounts Receivable and Advances are recorded at the principal amount less valuation allowances.

Inventories for Resale are held for sale in the ordinary course of operations and are recorded at the lower of cost and net realizable value.

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1. Financial Reporting and Accounting Policies (continued)

Loans are recorded at cost less adjustments for concessionary assistance and any prolonged impairment in value. Concessionary assistance consists of subsidies provided by the province and is recognized as an expense at the date of issuance of the loan. Any loan write-offs must be approved by the Governor-in-Council. Loans usually bear interest at approximate market rates and normally have fixed repayment schedules.

Investments are recorded at cost less adjustments for concessionary assistance and any prolonged impairment in value. Concessionary assistance consists of subsidies provided by the province and is recognized as an expense at the date of issuance of the investment. Any write-down of an investment to reflect a loss in value is not reversed if there is a subsequent increase in value.

Liabilities

Bank Advances and Short-Term Borrowings have initial maturities of one year or less and are recorded at cost that approximates market value. Short-Term Borrowings had a weighted average interest rate of 0.97 per cent at year-end on Canadian dollar borrowings.

Unmatured Debt consists of debentures and various loans in Canadian and foreign currencies and capital leases. Debt is recorded at par, net of sinking funds (including public debt management funds).

Hedge accounting is used when financial instruments form a hedging relationship, the relationship is highly effective, and it is considered to be consistent with the province's financial risk management goals. To have reasonable assurance of the effectiveness of a hedging relationship, the Province must expect the relationship to be effective in achieving offsetting changes in the fair value or cash flows of the hedged item and the hedging item. Effectiveness requires a high correlation of changes in fair values or cash flows. To ensure hedge effectiveness, the Province employs non-speculative derivatives that match the critical terms of the underlying hedged item.

Hedging relationships include synthetic instruments, which involve relationships between two or more assets or liabilities with matching terms for the purpose of emulating the net cash flows or other characteristics of a single asset or liability. Synthetic instrument accounting is used to account for the assets and liabilities in a synthetic instrument relationship as though they were the item being emulated.

Sinking Fund and Public Debt Retirement Fund investments are recorded at cost and consist primarily of debentures of the Province of Nova Scotia, other provincial governments, and the Government of Canada. Premiums and discounts on sinking funds are deferred and amortized over the life of the investment. Amortization and realized gains and losses for premiums and discounts relating to sinking fund balances and installments are netted against sinking fund earnings.

Unamortized Foreign Exchange Translation Gains and Losses result when debentures payable in foreign currencies, and sinking funds invested in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at March 31 and upon entering into derivative contracts. Foreign exchange gains and losses on the translation of foreign currency are amortized on a straight-line basis over the remaining term of the related monetary item.

1. Financial Reporting and Accounting Policies (continued)

Premiums and Discounts, as well as underwriting commissions relating to the issuance of debentures, are deferred and amortized over the term of the related debt. Amortization and realized foreign exchange gains and losses, premiums and discounts relating to debt balances, serial retirements, sinking fund balances, and installments are charged to debt servicing costs except as noted above.

Pension, Retirement and Other Obligations include various employee future benefit plans. Pension liabilities for defined benefit plans are calculated using the projected benefit actuarial method using accounting assumptions that reflect the province's best estimates of performance over the long-term. The projected benefit actuarial method attributes the estimated cost of retirement benefits to the periods of employee service. The net pension liability represents accrued pension benefits less the market related value of pension assets (if applicable) and the balance of unamortized experience gains and losses. The market related values are determined in a rational and systematic manner so as to recognize asset market value gains and losses over a five-year period. The pension benefit plan for the majority of health sector employees is offered by a multi-employer plan administrator and is not sponsored by the province. Employer contributions to this plan are expensed in the period paid. The accrued benefit asset (liability) of this plan is not recognized in these financial statements.

Contingent liabilities, including provisions for losses on loan guarantees, are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements. In cases where an accrual is made, but exposure exists beyond the amount accrued, this excess exposure would also be disclosed, unless the impact is immaterial or the disclosure would have an adverse effect on the outcome of the contingency.

Net Debt

Net Debt represents the total liabilities of the province, including unamortized foreign exchange translation gains and losses, premiums, and discounts on outstanding debenture issues, less its financial assets.

Non-Financial Assets

Tangible Capital Assets have useful lives extending beyond the accounting period, are held for use in the production and supply of goods and services, and are not intended for sale in the ordinary course of operations. Tangible capital assets are recorded at gross historical cost (or estimated cost when the actual cost is unknown) and include all costs directly attributable to the acquisition, construction, development, and installation of the tangible capital asset, except interest. Tangible capital assets include land, buildings, major equipment and software, vehicles, ferries, roads, highways, and bridges. Tangible capital assets do not include intangibles or assets acquired by right, such as forests, water and mineral resources, or works of art and historical treasures. Tangible capital assets are amortized to expense over the useful lives of the assets. The amortization methods and rates applied by the other governmental units are not adjusted to the methods and rates used by the General Revenue Fund.

1. Financial Reporting and Accounting Policies (continued)

Inventories of Supplies are held for consumption or use by the province in the course of its operations. Inventory is recorded at the lower of cost and net realizable value.

Prepaid Expenses are cash disbursements for goods or services, other than tangible capital assets and inventories of supplies, that will provide economic benefits in one or more future periods. The prepaid amount is recognized as an expense in the year the good or service is used or consumed.

Accumulated Deficits
Accumulated Deficits represent the total liabilities of the province less financial assets and non-financial assets. This represents the cumulative balance of net surpluses and deficits arising from the operations of the province.

(e) Measurement Uncertainty

Uncertainty in the determination of the amount at which an item is recorded in the financial statements is known as measurement uncertainty. Many items are measured using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Uncertainty exists whenever estimates are used because it is reasonably possible that there could be a material difference between the recognized amount and another reasonably possible amount.

Measurement uncertainty exists in these financial statements in the accruals for such items as pension, retirement and other obligations, environmental remediation obligations, and federal and provincial source revenues. The nature of the uncertainty in the accruals for pension, retirement and other obligations arises because actual results may differ significantly from the province's various assumptions about plan members and economic conditions in the marketplace. Uncertainty exists for environmental remediation obligations because the actual extent of remediation activities required may differ significantly based on the actual extent of site contamination and the chosen remediation process. Uncertainty related to Sales and Income Taxes, petroleum royalties, Canada Health Transfer, and Canada Social Transfer arises because of the possible differences between the estimated and actual economic growth and other assumptions used in statistical models to accrue these revenues.

(f) Future Changes in Accounting Policies

The Public Sector Accounting Board has issued two new accounting recommendations effective for fiscal years beginning on or after April 1, 2012:

i. Section PS 3410 – Government Transfers revises and replaces existing Section PS 3410. It establishes guidance on the recognition, presentation and disclosure of government transfers made to individuals, organizations, and other governments.
ii. Section PS 3510 – Tax Revenues provides guidance on the recognition, presentation, and disclosure of tax revenues, transfers made through a tax system, and tax concessions.

The Province is currently analyzing the impacts of these standards on its financial statements.

2. Accounting Changes

During the year, the fiscalization ratios for Personal Income Tax (PIT) and Harmonized Sales Tax (HST) were reviewed and adjusted to a 75/25 basis. This change was also applied to the comparative year.

The Accounting Standards Board (AcSB) adopted International Financial Reporting Standards (IFRS) as Canadian Generally Accepted Accounting Principles (GAAP) for publicly accountable enterprises (PAEs) for fiscal years beginning on or after January 1, 2011. As such, the province's four Government Business Enterprises (GBEs) were required to prepare their 2012 financial statements including comparative information for 2011 in compliance with IFRS.

Certain governmental units have union contracts that provide for sick leave provisions that accumulate but do not vest. Under PS 3255, governments must measure and record an obligation associated with the accumulated sick leave benefits that are anticipated to be used in future years. The province has measured certain of these benefits and has recorded them as an obligation on a retroactive basis. The value of these benefits for certain other entities has not yet been determined and therefore not yet recorded in the province's consolidated financial statements.

As a result of these revisions, the Provincial Surplus (Deficit), Net Debt, and Accumulated Deficits were restated retroactively as follows:

($ thousands)

	2012		2011		
	Net Debt April 1, 2011	Accumulated Deficits April 1, 2011	Provincial Surplus	Net Debt April 1, 2010	Accumulated Deficits April 1, 2010
Personal Income Tax	124,567	124,567	7,251	117,316	117,316
Harmonized Sales Tax	67,795	67,795	10,448	57,347	57,347
GBE Conversion to IFRS	(10,647)	(10,647)	4,656	(15,303)	(15,303)
Accumulated Sick Time Liability	(112,699)	(112,699)	(6,055)	(106,644)	(106,644)
	69,016	69,016	16,300	52,716	52,716

3. Restricted Cash and Short-Term Investments

As at March 31, 2012, restricted cash and short-term investments of $105.4 million (2011 - $106.4 million) were designated for restricted purposes by parties external to the province. Restricted cash consists of $58.6 million for future housing expenditures from the Nova Scotia Housing Development Corporation; $33.1 million from Capital District Health Authority for the Centre for Clinical Research and other purposes; $2.5 million for gas market development from the Nova Scotia Market Development Initiative Fund; and $11.2 million for various other purposes.

Province of Nova Scotia
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4. Deferred Revenue

Receipts are recorded as deferred revenue if they are restricted by external parties for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized into revenue over time as the recognition criteria are achieved or is drawn down to reimburse third parties as conditions are met. The balance includes the following components:

($ thousands)	**2012**	**2011**
Nova Scotia Housing Development Corporation - Social Housing Agreement	58,602	58,951
Capital District Health Authority - Capital and Research Funds	46,126	36,109
Nova Scotia Gas Tax Agreement on Municipal Funding	45,780	49,676
Base Funding Agreement - Infrastructure and Highways	17,277	—
Early Learning Child Care Funds	17,961	26,985
Resource Recovery Fund Board Inc. - Unearned Revenue from Container Deposits, Paint Levies and Tire Deposits	14,562	14,486
Seniors Pharmacare	9,487	8,505
C-50 Police Officers Recruitment Fund	7,500	7,500
Heritage Canada - Official Languages in Education Protocol (OLEP)	5,668	4,578
Nova Scotia Market Development Initiative Fund	4,884	6,472
Labour Market Agreement	2,588	4,396
Offshore Accord	—	134,060
C-52 Federal Trust Agreements	—	11,835
C-41 Community Development Trust	—	286
Other	34,772	31,721
Total Deferred Revenue	265,207	395,560

5. Derivative Financial Instruments

The province is a party to financial instruments with off-balance sheet risk, either to hedge against the risks associated with fluctuations in foreign currency exchange rates or to manage risks associated with interest rate fluctuations. Interest rate contracts include swap agreements and options on swaps. These contracts are used to vary the amounts and periods for which interest rates on borrowing are fixed or floating. Foreign exchange contracts include swap agreements that are used to convert the liability for foreign currency borrowing and associated costs into Canadian dollars.

The province's policy requires that a minimum credit rating for counterparties to derivative transactions be 'A', where the minimum rating in the "A" category is "A-"or equivalent.

As at March 31,2012, the province has executed 40 interest rate swap contracts to convert certain interest payments from a fixed to floating, from floating to fixed, floating to floating, or fixed to fixed basis. These swaps have terms remaining of 45 days to 14.6 years, a notional principal value of $1.6 billion and a mark to market value of $17.5 million.

5. Derivative Financial Instruments (continued)

The province has currency swap contracts that convert foreign denominated debt into Canadian dollar denominated debt as follows:

Termination Date	Original Currency	Original Principal	Current Currency	Current Principal	Mark to Market[1]
		($ thousands)		*($ thousands)*	*($ thousands)*
April 16, 2019	UK£	60,000	CDN$	114,387	(26,475)
Total	UK£	60,000	CDN$	114,387	(26,475)
July 27, 2013	US$	300,000	CDN$	299,850	1,925
July 21, 2015	US$	750,000	CDN$	771,750	4,853
March 15, 2016	US$	150,000	CDN$	205,725	(44,932)
January 26, 2017	US$	500,000	CDN$	562,470	4,652
February 1, 2019	US$	200,000	CDN$	198,000	10,101
July 1, 2019	US$	200,000	CDN$	199,900	6,851
November 15, 2019	US$	244,000	CDN$	246,318	5,930
March 1, 2020	US$	300,000	CDN$	409,200	(118,125)
May 1, 2021	US$	300,000	CDN$	312,002	(3,457)
April 1, 2022	US$	300,000	CDN$	379,517	(78,137)
July 30, 2022	US$	300,000	CDN$	329,310	(21,157)
Total	US$	3,544,000	CDN$	3,914,042	(231,496)

[1] Mark to Market is an indication of the swap's market value as at March 31, 2012, which represents the equivalent to the present value of future cash flows based on market conditions at March 31, 2012.

6. Federal Equalization Repayable Loan

The province received an equalization repayable loan from the federal government in March 2005 in the amount of $120.3 million. The loan bears no interest and is being repaid over 10 years, with bi-monthly deductions of $0.5 million that commenced in April 2006. As at March 31, 2012, the balance of the loan was $48.1 million (2011 - $60.2 million).

7. Pension, Retirement and Other Obligations

The province offers a variety of pension, other retirement, post-employment and special termination benefits. The province is responsible for adequately funding most of the plans. Except as otherwise noted, the cost of benefits are recognized in the periods the employee provides service. For benefits that do not vest or accumulate, a liability is recognized when an event that obligates the province to pay benefits occurs.

(a) Description of Obligations

Pension Benefit Plans
The province sponsors two funded pension plans, the Nova Scotia Public Service Superannuation Plan (PSSP) and the Nova Scotia Teachers' Pension Plan (TPP). Both plans are defined benefit plans with plan assets primarily composed of Canadian and foreign equities, government and corporate bonds, debentures, secured mortgages and real estate. The plans are jointly funded with contributions from employees being matched by the province. Benefits paid upon retirement are based on an employee's length of service, rate of pay, and inflation adjustments.

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7. Pension, Retirement and Other Obligations (continued)

On April 1, 2006, the Minister of Finance transferred responsibility for the governance of the Nova Scotia Teachers' Pension Plan to the Teachers' Pension Plan Trustee Inc. (TPPTI). The TPPTI is the trustee for the plan and is comprised of nine board members – four nominated by the Nova Scotia Teachers' Union, four nominated by the province, and one Chair agreed to by both parties. As a result of this transfer, the province and Union agreed to share all surpluses and deficits of the plan equally. The province accounts for half of all components of the accrued benefit liability associated with the plan in its financial statements. In addition, the province recognizes half of components associated with the net benefit expense (recovery) associated with this plan. As of March 31, 2012, the total accrued benefit liability associated with the plan was $256.5 million.

The province has several unfunded defined pension plans. The majority of these plans do not require contributions from employees. Benefits paid upon retirement are based on an employee's length of service, rate of pay, and inflation adjustments.

Employees in the health sector are members of a multi-employer defined benefit pension plan. As the province does not sponsor this plan, the annual net benefit plan expense is the amount of required contributions provided for employees' services rendered during the year. The accrued benefit asset (liability) of this plan is not recognized in these financial statements. The most recent actuarial valuation was performed on October 31, 2010 and extrapolated to December 31, 2011, which indicated a funding deficit of $0.06 million.

Other Retirement Benefit Plans
The province sponsors two other retirement benefit plans: retirement allowances and retirement health plan benefits. These plans are not funded. Benefits paid upon retirement for retirement allowances are based on an employee's length of service and rate of pay. Retirement health plan benefits vary depending on the collective agreements negotiated with each group. The province pays 65 per cent and 100 per cent of the cost of retirement health plan benefits for the PSSP and TPP retirees, respectively.

Post-Employment Benefits
The province offers two significant post-employment benefit plans: Self Insured Workers' Compensation and Long-Term Disability. The amount recorded in these financial statements represents the actual amount of benefits paid during the year plus the actuarial estimate of future payments, based on claims ongoing at year-end. For the Long-Term Disability plan, the obligation is offset by the market related value of plan assets.

Accumulated Sick Leave Provisions
Under Public Sector Accounting standards, governments must measure and record an obligation associated with the accumulated sick leave benefits that are anticipated to be used in future years. The province's school boards have collective agreements containing provisions that allow sick days to accumulate but not vest. Actuarial valuations have been completed and form the basis for recording these liabilities for the first time in the 2012 fiscal year, with retroactive restatement of comparative years. See Note 8, Accumulated Sick Leave Benefits (ASLB), for additional information.

Special Termination Benefits
The province has offered early retirement incentive programs to members of the PSSP and TPP at various times commencing in 1986 and 1994 respectively. Qualified members were offered additional years of pensionable service if they elected to retire. The cost of these benefits was accrued in the year the employee accepted the early retirement option.

7. Pension, Retirement and Other Obligations (continued)

(b) Summary of Activity in Defined Benefit Plans

Accrued Benefit Liability
($ thousands)

	2012	2011 *(as restated)*
Pension Benefit Plans	102,205	41,491
Other Benefit Plans	1,622,090	1,560,091
Total Accrued Benefit Liability	1,724,295	1,601,582

Activity During the Year
($ thousands)

	Pension Benefit Plans		**Other Benefit Plans**	
	2012	2011	2012	2011 *(as restated)*
Projected Benefit Obligation, Beginning of Year	7,649,132	8,025,530	1,631,229	1,583,076
Current Benefit Cost	201,835	196,055	88,689	83,756
Interest Cost	524,274	517,553	77,418	74,350
Actuarial (Gains) Losses	22,137	(106,696)	12,664	887
Benefit Payments	(461,850)	(446,071)	(97,157)	(93,764)
Other	10,948	13,191	590	1,259
Plan Amendments	6,966	(550,430)	—	(18,335)
Projected Benefit Obligation, End of Year	7,953,442	7,649,132	1,713,433	1,631,229
Market Related Value of Plan Assets, Beginning of Year	6,771,568	6,175,658	114,503	102,919
Expected Return on Plan Assets	462,109	442,210	7,097	6,631
Actuarial (Gains) Losses	(321,733)	(226,959)	(5,098)	(2,518)
Benefit Payments	(461,850)	(446,071)	(97,157)	(93,764)
Other	10,948	13,191	(579)	(476)
Employer Contributions	154,449	688,254	95,613	91,798
Employee Contributions	124,616	125,285	10,482	9,913
Market Related Value of Plan Assets, End of Year	6,740,107	6,771,568	124,861	114,503
Funded Status, End of Year	(1,213,335)	(877,564)	(1,588,572)	(1,516,726)
Unamortized Net Actuarial (Gains) Losses	1,111,130	839,370	15,837	(6,993)
Valuation Allowance	—	(3,297)	(49,355)	(36,372)
Accrued Benefit Liability, End of Year	(102,205)	(41,491)	(1,622,090)	(1,560,091)

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7. Pension, Retirement and Other Obligations (continued)

(c) Actuarial Assumptions

The table below shows significant weighted-average assumptions used to measure pension and other benefit plan obligations.

	Pension Benefit Plans		Other Benefit Plans	
	2012	2011	2012	2011
Long-term inflation rates	2.50%	2.50%	2.50%	2.50%
Expected real rate of return on plan assets	4.29% & 4.39%	4.50%	—	—
Rate of compensation increase	2.50% to 5.25% + merit	2.75% to 5.50% + merit	2.65% to 5.15% + merit	2.75% to 4.95% + merit
Discount rate – main plans	6.90% & 7.00%	7.11%	4.75%	4.75%
Other	—	—	6.09%	6.35%

Other assumptions
7.0 per cent annual rate increase in the cost per person of covered healthcare benefits for 2010-11, decreasing to an ultimate rate of 4.5 per cent per annum over 15 years.

7.0 per cent annual rate increase in the cost per person of covered prescription drugs for 2010-11, decreasing to an ultimate rate of 4.5 per cent per annum over 15 years.

Actuarial assumptions are reviewed and assessed on a regular basis to ensure that the accounting assumptions take into account various changing conditions and reflect the province's best estimate of performance over the long-term.

(d) Other Disclosure

The net unamortized actuarial gains (losses) are amortized on a straight-line basis over the expected average remaining service life (EARSL) of the related employee groups ranging from 4 years to 18 years (weighted-average EARSL is 14 years).

During the year, the weighted average actual rate of return on plan assets was 2.7 per cent (2011 – 10.6 per cent). The total market value of plan assets at March 31, 2012 was $8.6 billion (2011 - $8.6 billion).

The most recent actuarial valuations performed for most of the benefit plans was at December 31, 2010 with the exception of certain other retirement benefit plans that were performed on various dates and the post-employment benefit plans that are performed annually at March 31.

7. Pension, Retirement and Other Obligations (continued)

(e) Net Benefit Plans Expense (Recovery)

The table below shows the components of the net benefit plans expense (recovery).

($ thousands)

	Pension Benefit Plans		Other Benefit Plans	
	2012	2011	2012	2011 *(as restated)*
Current Benefit Cost	201,835	196,055	88,689	83,756
Employee Contributions	(125,138)	(125,796)	(10,492)	(9,922)
Employer Contributions*	36,469	33,791	–	–
Plan Amendments	6,966	(550,430)	–	(18,335)
Amortization of Net Actuarial (Gains) Losses	48,080	36,375	(5,067)	(1,416)
Recognition of Actuarial Losses on Plan Amendment	254	535,723	–	–
Other	23,774	(1)	1,367	1,959
Increase (Decrease) in Valuation Allowance	(3,297)	3,297	12,983	12,889
Interest Cost	524,274	517,553	77,418	74,350
Expected Return on Plan Assets	(462,109)	(442,210)	(7,097)	(6,631)
Employer Contributions to Multi-Employer Plan	96,284	93,648	–	–
Net Benefit Plans Expense (Recovery)	347,392	298,005	157,801	136,650

* This represents one-half of the employer contributions made by the province to the TPP. Included in the figures above for 2012 and 2011 are one-half of all transactions associated with TPP to reflect the province's share of this plan under joint trusteeship.

8. Accumulated Sick Leave Benefits

Certain governmental units have collective agreements containing sick leave provisions that accumulate but do not vest. Under Public Sector Accounting standards, governments must measure and record an obligation associated with the accumulated sick leave benefits (ASLB) that are anticipated to be used in future years. Within the province, ASLB are unfunded, meaning there are no assets set aside to cover the related costs of these benefits in the future.

Due to the nature of these benefits, actuarial valuations are required to estimate their financial value. Valuations of ASLB require extensive data gathering and analyses that are complex. Multiple collective agreements exist across government and within the entities, containing various benefit entitlements and rules. Data is drawn from multiple current and legacy databases for up to seven years of cross-matched employee information. Much work is required to consolidate the numerous data files into one and reconcile the data to make it usable for an actuarial valuation.

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8. Accumulated Sick Leave Benefits (continued)

An actuarial assumption must be developed to reflect the probability of employees actually using ASLB "banked days". This involves a detailed analysis of several years of data to determine historical usage. A historical usage pattern is not based on the data group as a whole but must take into account a number of specific factors such as, but not limited to, gender, age, and type of contract/job responsibilities, each of which may impact the anticipated amount of accumulated sick leave time taken in the future. As a result, the anticipated usage assumption may involve a number of criteria and circumstances that then must be applied to the data in coordination with other actuarial assumptions such as discount rate, retirement assumptions, future salary increases, mortality tables, etc. As a result, a reasonable estimate of the value of ASLB is not a quick and easy calculation.

Actuarial valuations have commenced during the year. Actuarial valuations have been completed for ASLB of the school boards and these liabilities have been recorded in 2012 with retroactive restatement of comparative years. Information required to properly measure all ASLB liabilities within the Government Reporting Entity was not complete as of March 31, 2012, and therefore the liability has not been fully recognized as of that date. The data for some entities was not yet in the format required to proceed with the valuations. In the absence of completed valuations, the value of ASLB cannot be determined for the District Health Authorities, Nova Scotia Community College, and a few small government not-for-profit entities. The liability is expected to be significant, but under Public Sector Accounting standards, liabilities that cannot be reasonably estimated should not be recognized in the financial statements. Instead, Public Sector Accounting standards encourage disclosure of significant items of this nature. Once the liabilities for these entities have been determined, they will be recorded in that year with a retroactive restatement of comparative years.

9. Trust Funds Under Administration

($ thousands)	**2012**	**2011** *(as restated)*
Nova Scotia Public Service Superannuation Fund *(1)*	4,369,319	4,301,040
Sydney Steel Corporation Superannuation Plan *(1), (2)*	12	7
Nova Scotia Public Service Long Term Disability Plan *(1), (4)*	113,597	108,109
Nova Scotia Credit Union Deposit Insurance Corporation *(4)*	19,534	18,995
Public Trustee *(5)*	47,754	53,636
Miscellaneous Trusts *(3)*	32,495	27,390
Total Trust Funds Under Administration	4,582,711	4,509,177

(1) *Financial statements of these funds available in Public Accounts Volume 2.*
(2) *Administration of the assets of Sydney Steel Corporation Superannuation Fund was assumed during 2001.*
(3) *Miscellaneous trusts include a large number of relatively small funds.*
(4) *These represent trusts with December 31 year ends.*
(5) *Final financial statements not available at time of production of Public Accounts Volume 1.*

Other

The Nova Scotia Teachers' Union and the Province of Nova Scotia agreed to joint trusteeship of the Nova Scotia Teachers' Pension Fund effective April 1, 2006. Under joint trusteeship, the Trustee of the Fund is the Teachers' Pension Plan Trustee Inc., of which the province has four of nine members. The Trustee is responsible for the administration of the Fund and investment management of fund assets. Total net assets available for benefits as at December 31, 2011 were $4.0 billion (2010 - $4.2 billion).

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10. Expense by Object

($ thousands)	2012	2011 (as restated)
Grants and Subsidies	3,513,685	2,988,291
Salaries and Employee Benefits	3,441,969	3,360,044
Operating Goods and Services	1,386,766	1,418,415
Professional Services	306,004	290,333
Amortization	362,442	345,291
Debt Servicing Costs	860,377	866,491
Other	50,649	64,973
Total Expenses by Object	9,921,892	9,333,838

11. Debt Servicing Costs

($ thousands)	2012	2011 (as restated)
CDN$ Denominated Debt	741,029	721,344
Pension, Retirement and Other Obligations	132,512	143,062
Capital Leases	17,942	19,461
Other Debt	5,171	13,238
Premium / Discount Amortization	(11,510)	(6,245)
Foreign Exchange	(25,897)	(25,955)
Miscellaneous	1,130	1,586
Total Debt Servicing Costs	860,377	866,491

Debt servicing costs for Government Business Enterprises were $13.6 million (2011 - $14.5 million) for the year ended March 31, 2012.

12. Cash-Flow – Net Change in Other Items

($ thousands)	2012	2011 (as restated)
Change in Receivables from Government Business Enterprises	(3,891)	750
Change in Accounts Receivable and Advances	180,524	(34,149)
Change in Accounts Payable and Other Short-Term Borrowings	(250,243)	230,835
Change in Inventories for Resale	(1)	(5,145)
Change in Inventories of Supplies	(307)	5,698
Change in Prepaid Expenses	8,889	(2,779)
Change in Deferred Revenue	(130,353)	(275,691)
Change in Accrued Interest	8,069	10,333
Change in Pension, Retirement and Other Obligations	122,713	(472,538)
Total Net Change in Other Items	(64,600)	(542,686)

Province of Nova Scotia
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13. Contingencies and Contractual Obligations

(a) Contingent Liabilities

Environmental Sites

Various provincially owned sites throughout the province are considered environmental or contaminated sites. Studies are ongoing to assess the nature and extent of damage to develop remediation plans. Provisions for these costs are recorded in these financial statements when it is determined a liability exists and a reasonable estimate of the remediation costs can be made. With the exception of remediation costs noted in the following paragraphs, no further provisions have been recognized in these financial statements.

Engineering and environmental studies have generated estimates for the cost of remediation of the Sydney Steel Corporation (SYSCO) and adjacent sites as well as the Sydney Tar Ponds site. As a result, the province recorded liabilities totaling $318.5 million in 2000 for environmental site clean up. At March 31, 2012, $72.4 million (2011 - $103.8 million) remains unspent. The provision will continue to be utilized for future decommissioning, demolition, and remediation of SYSCO's and adjacent sites, including the Sydney Tar Ponds site. Based on currently available information, the provision, in aggregate, appears to be sufficient to cover the estimated costs to remediate these sites.

Other remediation liabilities amounting to $12.7 million (2011 – $13.0 million) have been recognized in these financial statements.

Lawsuits

The Province of Nova Scotia is involved in various legal proceedings arising from government activities. These different disputes result from breaches of contract, damages suffered by individuals or property, and related elements. These claims include items with pleading amounts and items where an amount is not specified. While the total amount claimed in these actions may be significant, their outcomes are not certain.

When it is determined that a liability likely exists and the amount can be reasonably estimated, the amount is recorded as an accrued liability and an expense. The accrued liability for pending litigation in process at March 31, 2012 was $43.1 million (2011 - $40.3 million).

Guarantees

Guarantees by the province are authorized by various acts of legislature and provided through specific agreements and programs to repay promissory notes, bank loans, lines of credit, mortgages, and other securities. Provision for losses on guarantees are recorded when it is likely that a loss will occur. The amount of the loss provision represents the province's best estimate of future payments. Estimates take into consideration the nature of the loan guarantee, loss experience, and current conditions. The provision is reviewed on an ongoing basis and changes in the provision are recorded as expense in the year they become known. Details on amounts authorized, utilized, and accrued are presented in Schedule 8.

Other Contingent Liabilities

The province also has contingent liabilities in the form of indemnities. The province's potential liability, if any, cannot be determined at this time.

13. Contingencies and Contractual Obligations (continued)

(b) Contingent Gains

The province may receive funds in the future from recoveries of various types of claims paid out and other agreements pending the occurrence of certain events. Recoveries are recorded once the contingent events occur and collectability is reasonably assured.

(c) Contractual Obligations

As at March 31, 2012, the province had contractual obligations as follows:

($ thousands) Fiscal Year	Governmental Units	Government Business Enterprises	Total Contractual Obligations
2013	972,422	12,531	984,953
2014	790,115	7,623	797,738
2015	750,667	6,023	756,690
2016	445,607	6,267	451,874
2017	438,525	6,209	444,734
2018-2022	1,822,658	—	1,822,658
2023-2027	1,638,194	—	1,638,194
2028-2032	1,821,555	—	1,821,555
2033 & thereafter	816,987	—	816,987
	9,496,730	38,653	9,535,383

These contractual obligations are comprised of $9,307.9 million from the General Revenue Fund, $188.8 million from other Governmental Units, and $38.7 million from the Government Business Enterprises. Included are contractual obligations from the Department of Health and Wellness of $4,210.7 million for service agreements with long-term care facilities and $757.4 million for the management of the ground ambulance fleet, $2,821.4 million from the Department of Justice for RCMP policing services, $865.3 million from the Department of Labour and Advanced Education for university assistance, $244.1 million from the Department of Education for P3 School maintenance agreements, and $78.5 million from Nova Scotia Business Inc. for projects approved under its various programs.

Leases

As at March 31, 2012, the province was contractually obligated under various operating leases. Future minimum annual lease payments are as follows:

($ thousands) Fiscal Year	Governmental Units	Government Business Enterprises	Total Lease Payments
2013	78,691	1,363	80,054
2014	56,195	1,221	57,416
2015	44,644	1,040	45,684
2016	35,780	1,003	36,783
2017	30,947	951	31,898
2018-2022	24,896	8	24,904
2023-2027	504	—	504
2028-2032	403	—	403
	272,060	5,586	277,646

Province of Nova Scotia
Notes to the Consolidated Financial Statements
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14. Related Party Transactions

Included in these consolidated financial statements are insignificant transactions with various provincial crown corporations, agencies, boards, and commissions. Significant related party transactions have been offset and eliminated for purposes of consolidated reporting. Parties are deemed to be related to the General Revenue Fund due to common control or ownership by the Province of Nova Scotia.

The most significant unadjusted related party transactions are described in more detail in Schedule 6 – Government Business Enterprises.

15. Subsequent Events

On June 1, 2012, the Government of Nova Scotia, Department of Agriculture, and Dalhousie University reached an agreement, supported by legislation, to merge Nova Scotia Agricultural College (NSAC) with Dalhousie effective September 1, 2012. The agreement includes a three year funding agreement between the province and Dalhousie, and the campus land, buildings, and other operating assets will be transferred to Dalhousie on the date of the merger. The Nova Scotia Agricultural College will therefore no longer form part of the Government Reporting Entity effective September 1, 2012.

The province announced on July 12, 2012 that provincial, municipal, and federal governments will be partners in the construction of a new convention centre in the downtown Halifax Nova Centre development. The province and municipality will each contribute $56.4 million toward capital and operating costs. The federal government will contribute $51.4 million toward capital costs only. Upon substantial completion of this project, the province will record the convention centre as a tangible capital asset and recognize an obligation for the 25-year capital lease in the amount equal to the projected building costs of $164.2 million.

16. Comparative Figures

Certain of the prior year's figures have been reclassified to conform to the presentation format adopted in the current year.

Schedule 1

Revenue
For the fiscal year ended March 31, 2012
($ thousands)

	2012	2011 *(as restated)*
Provincial Sources		
Tax Revenue		
Personal Income Tax	2,055,700	2,053,310
Corporate Income Tax	295,394	473,053
Harmonized Sales Tax	1,598,131	1,515,142
Tobacco Tax	208,631	211,856
Motive Fuel Tax	250,186	255,395
Other Tax Revenue	195,826	186,101
	4,603,868	4,694,857
Other Provincial Revenue		
Recoveries	259,238	344,543
Other Revenue from Governmental Units	421,152	393,343
Municipal Contributions to School Boards	210,032	206,297
Petroleum Royalties	112,680	197,008
Registry of Motor Vehicles	117,084	112,281
Other Government Charges	70,842	70,103
Miscellaneous	128,532	149,301
Net Gain on Disposal of Crown Assets	3,367	–
	1,322,927	1,472,876
Net Income from Government Business Enterprises	370,316	357,959
Investment Income		
Interest Revenue	90,249	79,507
Sinking Fund and Public Debt Retirement Fund Earnings	106,768	102,234
	197,017	181,741
Total Provincial Sources	6,494,128	6,707,433
Federal Sources		
Equalization Payments	1,407,242	1,360,723
Canada Health Transfer	758,941	726,429
Canada Social Transfer	316,473	309,696
Recoveries	306,963	302,700
Offshore Accord	167,755	227,225
TCA Cost Shared Revenue	38,995	95,002
Crown Share	30,053	29,717
Other Federal Transfers	152,872	160,314
Total Federal Sources	3,179,294	3,211,806
Total Revenue	9,673,422	9,919,239

Schedule 2

Expenses

For the fiscal year ended March 31, 2012
($ thousands)

	2012	2011 *(as restated)*
Agriculture		
Department of Agriculture	58,895	61,362
AgraPoint International Inc.	4,927	3,259
AgriTECH Park Incorporated	750	782
Nova Scotia Crop and Livestock Insurance Commission	3,662	—
Nova Scotia Harness Racing Fund	1,000	1,000
	69,234	66,403
Communities, Culture and Heritage		
Department of Communities, Culture and Heritage	49,335	49,066
Art Gallery of Nova Scotia	3,852	3,789
Public Archives of Nova Scotia	107	119
Sherbrooke Restoration Commission	2,347	2,494
Vive l'Acadie Community Fund	8	—
	55,649	55,468
Community Services		
Department of Community Services	895,170	797,926
Nova Scotia Housing Development Corporation	152,373	125,507
	1,047,543	923,433
Economic and Rural Development and Tourism		
Department of Economic and Rural Development and Tourism	94,655	90,905
Bioscience Enterprise Centre Incorporated	2	309
Film Nova Scotia	3,724	3,632
Nova Scotia Business Inc.	30,864	23,180
Nova Scotia Innovation Corporation	8,652	5,938
Nova Scotia Strategic Opportunities Fund Incorporated	17	2,050
Trade Centre Limited	16,508	16,896
Waterfront Development Corporation Limited	4,644	4,276
	159,066	147,186
Education		
Department of Education	287,941	218,834
Annapolis Valley Regional School Board	129,379	129,729
Cape Breton Victoria Regional School Board	149,388	163,197
Chignecto-Central Regional School Board	193,375	200,917
Conseil scolaire acadien provincial	52,595	54,359
Halifax Regional School Board	430,436	424,070
Nova Scotia School Boards Association	647	1,116
Nova Scotia School Insurance Program and Exchange	4,003	3,459
South Shore Regional School Board	73,293	78,199
Strait Regional School Board	80,889	84,410
Tri-County Regional School Board	66,582	67,981
	1,468,528	1,426,271

Schedule 2

Expenses (continued)
For the fiscal year ended March 31, 2012
($ thousands)

	2012	2011 *(as restated)*
Energy		
Department of Energy	30,129	20,604
Conserve Nova Scotia	—	12,672
Nova Scotia Market Development Initiative Fund	1,588	1,495
Pengrowth Nova Scotia Energy Scholarship Fund	53	57
	31,770	34,828
Environment		
Department of Environment	26,618	47,398
Resource Recovery Fund Board Incorporated	49,142	48,264
	75,760	95,662
Finance		
Department of Finance	33,987	31,508
Nova Scotia Pension Agency	35,951	32,093
Nova Scotia Utility and Review Board	8,835	8,045
3052155 Nova Scotia Limited	13	14
	78,786	71,660
Fisheries and Aquaculture		
Department of Fisheries and Aquaculture	8,284	12,818
Nova Scotia Sportfish Habitat Fund	—	269
	8,284	13,087
Health and Wellness		
Department of Health and Wellness	1,859,800	1,823,514
Annapolis Valley District Health Authority	126,561	126,363
Cape Breton District Health Authority	294,276	286,375
Capital District Health Authority	825,410	777,247
Colchester East Hants Health Authority	75,276	75,303
Cumberland Health Authority	63,672	60,245
Gambling Awareness Foundation of Nova Scotia	427	660
Guysborough Antigonish Strait Health Authority	83,729	82,997
Izaak Walton Killam Health Centre	248,237	241,428
Nova Scotia Health Research Foundation	5,771	6,395
Pictou County Health Authority	77,895	77,919
Provincial Drug Distribution Program	86,671	82,210
South Shore District Health Authority	85,316	85,478
South West Nova District Health Authority	99,585	100,386
	3,932,626	3,826,520
Justice		
Department of Justice	269,193	262,162
Law Reform Commission	293	349
Nova Scotia E911 Cost Recovery Fund	5,067	4,924
Nova Scotia Legal Aid Commission	22,734	21,401
	297,287	288,836

Schedule 2

Expenses (continued)
For the fiscal year ended March 31, 2012
($ thousands)

	2012	2011 *(as restated)*
Labour and Advanced Education		
Department of Labour and Advanced Education	191,798	185,141
Nova Scotia Community College	199,635	203,169
Nova Scotia Nominee Program Fund	–	17,117
	391,433	405,427
Assistance to Universities	387,215	93,545
Natural Resources		
Department of Natural Resources	101,151	92,787
Acadia Coal Company Limited Fund	4	2
Coal Research Agreement Fund	2	–
Habitat Conservation Fund	91	174
Nova Scotia Primary Forest Products Marketing Board	167	226
Off-Highway Vehicle Infrastructure Fund	1,151	1,744
Species-at-risk Conservation Fund	3	3
Sustainable Forestry Fund	–	462
	102,569	95,398
Public Service	138,032	123,555
Seniors		
Department of Seniors	1,866	1,734
Service Nova Scotia and Municipal Relations		
Department of Service Nova Scotia and Municipal Relations	259,643	297,352
Nova Scotia Coordinate Referencing System Trust Fund	30	–
Nova Scotia Municipal Finance Corporation	693	416
	260,366	297,768
Transportation and Infrastructure Renewal		
Department of Transportation and Infrastructure Renewal	407,159	405,163
Harbourside Commercial Park Inc.	787	773
Nova Scotia Lands Inc.	4,258	498
	412,204	406,434
Restructuring Costs	36,935	69,391
Pension Valuation Adjustment	38,042	(24,728)
Tax Credits and Rebates	68,320	48,860
Net Loss on Disposal of Crown Assets	–	609

Schedule 2

Expenses (continued)
For the fiscal year ended March 31, 2012
($ thousands)

	2012	2011 *(as restated)*
Debt Servicing Costs		
General Revenue Fund	815,224	805,975
Annapolis Valley District Health Authority	583	501
Annapolis Valley Regional School Board	897	876
Cape Breton District Health Authority	1,589	1,533
Cape Breton Victoria Regional School Board	1,000	898
Capital District Health Authority	7,888	7,441
Chignecto-Central Regional School Board	1,497	1,477
Colchester East Hants Health Authority	359	295
Conseil scolaire acadien provincial	348	306
Conserve Nova Scotia	—	73
Cumberland Health Authority	292	276
Guysborough Antigonish Strait Health Authority	402	353
Halifax Regional School Board	4,212	3,478
Izaak Walton Killam Health Centre	1,440	1,435
Nova Scotia Community College	1,552	1,347
Nova Scotia Housing Development Corporation	16,732	36,522
Nova Scotia Innovation Corporation	111	63
Nova Scotia Legal Aid Commission	385	307
Nova Scotia Municipal Finance Corporation	43	454
Nova Scotia Strategic Opportunities Fund Inc.	2,684	—
Nova Scotia Utility and Review Board	39	31
Pictou County Health Authority	404	323
Sherbrooke Restoration Commission	17	24
South Shore District Health Authority	446	393
South Shore Regional School Board	475	511
South West Nova District Health Authority	588	535
Strait Regional School Board	534	556
Trade Centre Limited	173	—
Tri-County Regional School Board	446	481
Waterfront Development Corporation Limited	15	8
Waycobah School Assistance Fund	2	19
	860,377	866,491
Total Expenses	9,921,892	9,333,838

Schedule 3

Loans and Investments
As at March 31, 2012
($ thousands)

	Loans and Investments	Provisions	Net 2012	Net 2011 (as restated)
Loans				
Agriculture and Rural Credit Act	165,966	13,637	152,329	156,321
Conserve Nova Scotia	—	—	—	1,727
Educational & Services Products (NS) Ltd	15	—	15	15
Education - Student Loans Direct Lending	186,688	72,936	113,752	111,443
Fisheries Development Act	109,579	405	109,174	103,984
Industrial Development Act	—	—	—	151,967
Miscellaneous	709	—	709	709
Municipal Loan and Building Fund Act	—	—	—	75
Nova Scotia Bridge Commission	2,000	—	2,000	2,000
Nova Scotia Business Inc.	116,344	37,672	78,672	89,770
Nova Scotia Housing Development Corporation	579,525	3,879	575,646	495,877
Nova Scotia Innovation Corporation	4,855	3,426	1,429	192
Nova Scotia Jobs Fund Act	210,984	56,616	154,368	—
Nova Scotia Market Development Initiative Fund	5,600	—	5,600	5,600
Nova Scotia Municipal Finance Corporation	725,038	—	725,038	748,013
Nova Scotia Strategic Opportunities Fund Incorporated	74,606	—	74,606	66,296
Resource Recovery Fund Board Inc.	89	—	89	125
Venture Corporations Act	809	809	—	—
Waterfront Development Corporation	199	—	199	1,101
Total Loans	2,183,006	189,380	1,993,626	1,935,215
Investments				
AgraPoint International Inc.	934	—	934	704
Art Gallery of Nova Scotia	2,091	—	2,091	2,145
Gambling Awareness Foundation of Nova Scotia	3,304	—	3,304	3,385
Industrial Development Act	—	—	—	27,399
Nova Scotia Business Inc.	48,784	14,247	34,537	28,578
Nova Scotia Community College	3,020	—	3,020	2,769
Nova Scotia Housing Development Corporation	2,616	181	2,435	2,168
Nova Scotia Innovation Corporation	18,377	4,558	13,819	12,954
Nova Scotia Jobs Fund Act	31,671	9,271	22,400	—
Nova Scotia School Insurance Program	8,588	—	8,588	8,505
Public Archives of Nova Scotia	1,002	—	1,002	927
Total Investments	120,387	28,257	92,130	89,534

The provisions listed above include $5,275 (2011 - $Nil) for possible guarantee payouts from the Nova Scotia Jobs Fund Act, $Nil (2011 - $2,350) from the Industrial Development Act, and $Nil (2011 - $30) from Nova Scotia Business Inc. Also included in the provisions is $10,479 (2011 - $11,257) for the Debt Reduction Assistance Program of the Education Student Loans of which $3,950 (2011 - $4,422) relates to the student loans guaranteed by the province.

Schedule 4

Unmatured Debt
As at March 31, 2012
($ thousands)

	Gross Unmatured Debt	Sinking Funds and Defeasance Assets	Net Unmatured Debt 2012	Net Unmatured Debt 2011
General Revenue Fund	14,983,118	2,538,965	12,444,153	12,216,897
Nova Scotia Housing Development Corporation	215,456	–	215,456	226,106
Nova Scotia Municipal Finance Corporation	3,431	–	3,431	2,065
Nova Scotia Power Finance Corporation	999,730	999,730	–	–
Waterfront Development Corporation Limited	1,245	–	1,245	875
Other	1,132	–	1,132	1,307
Total Unmatured Debt	16,204,112	3,538,695	12,665,417	12,447,250

Gross Unmatured Debt
All debt is presented in Canadian dollar equivalents and after giving effect to currency swap contracts itemized in Note 5.

Gross Unmatured Debt consists of the outstanding current and long-term debt of Governmental Units, as well as the unmatured debt of the General Revenue Fund. Current and long-term debt of the Government Business Enterprises is reflected in the province's Investment in Government Business Enterprises and further detailed in Schedule 6.

Unmatured Debt (continued)
As at March 31, 2012

Sinking Fund Assets

At March 31, 2012, the General Revenue Fund held Sinking Funds and Public Debt Retirement Funds of $2,539.0 million (2011 - $2,394.6 million). These funds were comprised of $2,385.4 million in Sinking Funds and $153.6 million in Public Debt Management Funds. The total market value of both funds was $2,594.6 million at year-end. During the year, contributions were $37.6 million, total earnings were $106.8 million, and there were no redemptions.

Sinking fund assets are recorded at cost, which includes premiums and discounts associated with the purchase of these investments. These premiums and discounts are amortized on a straight-line basis over the term of the related investment. The unamortized portion of the premiums and discounts is included as part of the value of the sinking funds. As at March 31, 2012, the unamortized net premium was $42.6 million (2011 - $48.8 million).

Sinking fund assets consist primarily of debentures of the provinces and Government of Canada with fixed interest rates ranging from 2.75 per cent to 10.00 per cent. Sinking fund payments normally commence on the first anniversary date of the issue of the debenture and are designed to retire the debt over the relevant period to maturity. At year-end, the province held $676.9 million (2011 - $994.9 million) carrying value worth of its own debentures in Sinking Funds and Public Debt Retirement Funds as active investments.

As per the Nova Scotia Power Corporation Privatization Agreement, Nova Scotia Power Finance Corporation provides for defeasance of its debt. The portfolio of defeasance assets consists of Nova Scotia Power Corporation, other provincial governments and utilities, and federal US bonds, coupons or residuals. This debt is shown net of defeasance assets on the Statement of Financial Position.

Projected net principal repayments, capital lease payments, and sinking fund requirements for the next five years and thereafter are as follows:

($ thousands)

	Net Principal Repayments	Capital Lease Payments	Sinking Fund Payments	Total Payments
2013	990,502	25,028	44,090	1,059,620
2014	992,118	26,063	36,263	1,054,444
2015	568,006	28,379	36,263	632,648
2016	995,674	30,318	36,263	1,062,255
2017	876,032	32,492	36,263	944,787
2018 & thereafter	7,652,374	132,733	126,556	7,911,663
	12,074,706	275,013	315,698	12,665,417

Net principal repayments are comprised of the principal amounts due on loans and debentures less available designated sinking funds to retire the debentures.

In addition, the province has approximately $793.2 million (2011 - $788.4 million) in unrestricted sinking funds that can be used towards the retirement of any unmatured debt. The use of these funds is evaluated each year based on a detailed analysis of cash requirements and market conditions.

Schedule 5

Gross Unmatured Debt
As at March 31, 2012
($ thousands)

	Foreign Exchange Rate	CDN $ Amount	Maturity Dates	Interest Rates
Debentures				
General Revenue Fund				
General Revenue Fund (CDN$)		14,696,275	2012 to 2062	2.50% to 11.75%
General Revenue Fund (US$)	0.9991	—	2013 to 2022	2.375% to 9.50%
General Revenue Fund (UK£)	1.5970	—	2019	11.75%
Nova Scotia Municipal Finance Corporation		3,431	2012 to 2032	1.00% to 2.62%
Nova Scotia Power Finance Corporation (CDN$)		700,000	2012 to 2031	10.25% to 11.25%
Nova Scotia Power Finance Corporation (US$)	0.9991	299,730	2021	9.40%
Total Debentures		15,699,436		
Loans				
General Revenue Fund - Other Debt		12,935	2014 to 2016	1.45% to 1.89%
Nova Scotia Housing Development Corporation		215,456	2012 to 2034	1.63% to 10.50%
Nova Scotia Innovation Corporation		27	2013	—
Waterfront Development Corporation Limited		1,245	Demand loan	Prime less 1.125%
Total Loans		229,663		
Capital Leases				
General Revenue Fund		273,908	2012 to 2027	6.04% to 11.00%
Other		1,105	2012 to 2017	6.19% to 6.29%
Total Capital Leases		275,013		
Gross Unmatured Debt		16,204,112		

Call, Redemption and Other Features

General Revenue Fund
Canadian debentures include $1,079.4 million in CPP debentures, which are redeemable in whole or in part before maturity, on six months notice, at the option of the Minister of Finance of Canada.

The interest rates shown for the Canadian and US debentures reflect the fixed interest rates only. There are debentures that have floating interest rates. Floating interest rates are adjusted on a quarterly basis.

Housing Development Corporation
Mortgages and notes payable are secured by investments in social housing.

Schedule 6

Government Business Enterprises
As at March 31, 2012
($ thousands)

	2012					2011
	Halifax-Dartmouth Bridge Commission	**Highway 104 Western Alignment Corporation**	**Nova Scotia Gaming Corporation**	**Nova Scotia Liquor Corporation**	**Total**	**Total** *(as restated)*
Cash	6,650	528	14,832	8,662	30,672	37,629
Accounts Receivable	598	957	1,293	2,634	5,482	5,150
Inventory	—	6	2,296	40,618	42,920	40,274
Investments	12,160	38,033	1	—	50,194	47,912
Tangible Capital Assets	87,164	45,935	73,426	41,515	248,040	250,253
Other Assets	206	461	9,794	6,128	16,589	20,050
Total Assets	106,778	85,920	101,642	99,557	393,897	401,268
Accounts Payable	3,051	555	70,943	32,942	107,491	105,557
Unmatured Debt	48,000	57,187	16,493	60	121,740	132,234
Other Liabilities	5,064	10,036	21,074	20,904	57,078	67,953
Total Liabilities	56,115	67,778	108,510	53,906	286,309	305,744
Equity	50,663	18,142	(6,868)	45,651	107,588	95,524
Total Liabilities and Equity	106,778	85,920	101,642	99,557	393,897	401,268
Total Revenue	30,006	22,323	429,267	593,809	1,075,405	1,074,061
Debt Servicing	2,604	9,008	882	1,068	13,562	14,462
Other Expenses	15,723	11,515	293,163	371,126	691,527	701,640
Total Expenses	18,327	20,523	294,045	372,194	705,089	716,102
Net Income	11,679	1,800	135,222	221,615	370,316	357,959

Note:
Government Business Enterprises (GBEs), which are provincially controlled public sector entities, were directed by the Public Sector Accounting Board to adopt International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011. Prior to adoption of IFRS, GBEs prepared their financial statements in accordance with Canadian Generally Accepted Accounting Principles (GAAP). Financial statements for the year ending March 31, 2012, including comparative information for 2011, are the GBEs' first annual financial statements that comply with IFRS.

Government Business Enterprises (continued)
As at March 31, 2012

Halifax-Dartmouth Bridge Commission

The Halifax-Dartmouth Bridge Commission, operating as Halifax Harbour Bridges, was created in 1950 by a statute of the Province of Nova Scotia (now the *Halifax-Dartmouth Bridge Commission Act*). The purpose of the Commission is to construct, maintain, and operate bridges and their necessary approaches across the Halifax Harbour, between the communities of Halifax and Dartmouth, and across the North West Arm.

The Commission currently operates and maintains two toll bridges across the Halifax Harbour: the Angus L. Macdonald Bridge and the A. Murray MacKay Bridge. Bridge tolls are regulated by the Nova Scotia Utility and Review Board, a provincially controlled public sector entity.

Long-Term Loan Agreement

On July 25, 2007 the Commission entered into a long-term loan agreement with the province for $60.0 million with a final maturity date of December 4, 2019. This agreement requires eleven consecutive annual installments of $3.0 million that commenced with an installment payment on December 4, 2008 and for each year thereafter with the final principal repayment amount of $27.0 million along with all accrued and unpaid interest thereon due on the final maturity date of December 4, 2019. At March 31, 2012, the Commission had $45.0 million of long-term debt and $3.0 million of debt maturing within one year.

Interest is payable semi-annually on June 4 and December 4 of each year. The average interest rate over the length of the loan is 5.13%. For the period ending March 31, 2012, interest expense on the long-term debt was $2.6 million (2011 - $2.7 million), of which $0.8 million (2011 - $0.8 million) was payable at year-end.

This agreement also requires that two reserve funds, which are the Operating, Maintenance & Administrative Fund (OM Fund) and the Debt Service Fund, be maintained. Effective June 4, 2008, a Capital Fund was also established.

Line of Credit Agreement

On June 30, 2008, the Commission entered into an agreement with the province for a $60.0 million revolving, unsecured line of credit. At March 31, 2012, the Commission had one advance totaling $2.0 million against the line of credit and accrued interest for the year in the amount of $32.0 thousand (2011 - $39.0 thousand), of which $2.0 thousand (2011 - $39.0 thousand) was payable at year-end.

Government Business Enterprises (continued)
As at March 31, 2012

Highway 104 Western Alignment Corporation

The Corporation was established for the purpose of financing, designing, constructing, operating, and maintaining a 45 km stretch of highway between Masstown and Thomson Station in the counties of Colchester and Cumberland, Nova Scotia.

Related Party Transactions

All transactions with parties under common control of the government are routine operating transactions carried out as part of the Corporation's normal day-to-day operations. These transactions include enforcement, maintenance services, purchases of inventory and property, plant and equipment. Collectively, the transactions increase enforcement costs by $60.0 thousand (2011 - $60.0 thousand), maintenance services by $1.2 million (2011 - $1.1 million), inventory by $15.1 thousand (2011 - $20.7 thousand), and property, plant and equipment by $35.0 thousand (2011 - $70.1 thousand).

At March 31, 2012, the Corporation had a receivable from the province in the amount of $0.9 million (2011 - $0.8 million).

Under Canadian GAAP, funding from the province was accounted for as a government grant. Under IFRS, this funding is viewed as the government's participation in the ownership of the Corporation and, as a result, is now recorded as contributed capital within equity.

Omnibus Agreement

The omnibus agreement dated April 1, 1996 is an agreement between the Corporation, the contractor, the operator, and the province to design, finance, construct, operate, and maintain the Highway 104 Western Alignment. Under this agreement, the Province of Nova Scotia retains ownership of the highway. However, the Corporation is granted the right to operate the highway and collect tolls for a 30-year period, after which time the right will revert to the province. The province contributed $55.0 million towards the construction of the highway, one-half of which was recovered from the Federal Government under the Canada-Nova Scotia Strategic Highway Improvement Program.

Annual Roadway Maintenance Agreement

The annual roadway maintenance agreement is a 30-year agreement between the Corporation and the Department of Transportation and Infrastructure Renewal for the provision of annual roadway maintenance services. It is renewable in five-year increments.

Long-Term Debt

Long-term debt is comprised of senior toll revenue bonds bearing interest of 10.25% and maturing March 31, 2026. The bonds are payable in equal installments of interest and principal. At year-end, the Corporation had $55.2 million (2011 - $62.0 million) of long-term debt and $2.0 million (2011 - $1.9 million) of debt maturing within one year. Interest expense on the long-term debt was $9.0 million (2011 - $9.7 million) for the year.

Minimum principal repayments for the next five years are as follows: 2013 - $2.0 million, 2014 - $2.2 million, 2015 - $2.4 million, 2016 - $2.7 million, and 2017 - $2.9 million.

As security, the Corporation has provided an assignment of all the present and future property and assets, including rights to operate the facility, and a security interest in the Debt Service Reserve Account and the Major Maintenance Reserve Account.

Schedule 6

Government Business Enterprises (continued)
As at March 31, 2012

Nova Scotia Gaming Corporation

The Corporation was incorporated on February 15, 1995 by Chapter 4 of the Acts of 1994-95, the *Gaming Control Act*. The purpose of the Corporation is to develop, undertake, organize, conduct, and manage casinos and other lottery and gaming activities on behalf of the Province of Nova Scotia. Revenues of the Corporation are derived from two casinos, located in Halifax and Sydney, as well as ticket and video lottery sales.

On May 7, 2012, the Minister responsible for Part I of the *Gaming Control Act* entered Bill 81 in the Nova Scotia legislature. This Bill includes amendments related to changes to the name of the Corporation to the Nova Scotia Provincial Lotteries and Casino Corporation, termination of appointments of the members of the existing Board of Directors, and outlines composition of the new Board of Directors to include the Deputy Minister responsible for Part I of the *Gaming Control Act* as Chair, the Deputy Minister of Finance, the Deputy Minister of Health and Wellness, or a person designated by the Deputy Minister of Health and Wellness, a public servant appointed by the Minister responsible for Part I of the *Gaming Control Act*, and not more than three persons appointed by the Governor in Council. These changes will come into effect upon proclamation of the Bill.

Payable to the Province
At March 31, 2012, the Corporation had a payable to the province in the amount of $55.6 million (2011 - $57.1 million).

Special Payments to Government Departments
The Corporation is obligated to make direct payments annually to three government departments: Department of Communities, Culture and Heritage (in support of the Cultural Federation of Nova Scotia), Department of Agriculture (in support of the Exhibition Association of Nova Scotia), and Department of Health and Wellness (in support of Sport Nova Scotia). These payments totaled $0.2 million in 2012 (2011 - $0.2 million). Additionally, as part of its Gaming Strategy, the Province of Nova Scotia approved a contribution of $3.0 million to the Department of Health and Wellness in 2012 (2011 - $3.0 million) to fund problem gambling treatment.

Gambling Awareness Foundation Contribution
Video Lottery (VL) retailers in Nova Scotia have agreed, under the terms of their agreements with Atlantic Lottery Corporation Inc. (ALC), to contribute 1.0% of their VL commissions to the Gambling Awareness Foundation of Nova Scotia. The Corporation has agreed to contribute an amount equal to all contributions made by the VL retailers. At March 31, 2012, the Corporation had a payable to the Gambling Awareness Foundation in the amount of $45.0 thousand (2011 - $46.0 thousand).

Harness Racing Fund Contribution
The Corporation annually contributes to the Nova Scotia Harness Racing Fund, pursuant to the Nova Scotia Harness Racing Fund Regulations. In 2012, the contribution was $1.0 million (2011 - $1.0 million). The 2013 approved budget for this item is $1.0 million.

Due to Atlantic Gaming Equipment
The amount due to Atlantic Gaming Equipment was $16.5 million (2011 - $16.1 million) at year-end. This liability represents the portion of ALC debt used in the acquisition of capital assets operated on behalf of the Corporation. All amounts are payable by ALC and are due on or before August 2016. The debt is based on variable interest rates ranging from 2.58% to 5.13%. The aggregate maturities of long-term debt for the next four years are approximately as follows: 2013 - $5.1 million, 2014 - $5.3 million, 2015 - $5.4 million, and 2016 - $2.7 million. Included in interest expense is $0.7 million (2011 - $57.0 thousand) relating to the debt.

Schedule 6

Government Business Enterprises (continued)
As at March 31, 2012

Nova Scotia Liquor Corporation

The Corporation derives its mandate from the *Liquor Control Act*, Chapter 260 of the Revised Statutes of Nova Scotia, 1989. The Corporation was created June 1, 2001, by Chapter 4 of the *Government Restructuring (2001) Act*, via continuance of the Nova Scotia Liquor Commission as a body corporate.

The Corporation operates retail sales locations across the province and has a fiscal year end of March 31. Remittances to the Department of Finance totaled $221.5 million in 2012 (2011 - $223.0 million).

Obligations under Finance Lease

At year-end, the Corporation had long-term obligations under finance lease of $41.0 thousand (2011 - $60.0 thousand) and current obligations under finance lease of $19.0 thousand (2011 - $1.1 million).

Interest expense on the finance lease obligations was $68.0 thousand (2011 - $251.0 thousand) for the year.

Payable to the Province

In addition to converting to IFRS, the Corporation reclassified its payable to the Minister of Finance from a liability to equity on a retroactive basis.

Schedule 7

Tangible Capital Assets

As at March 31, 2012

($ thousands)

	2012						2011
	Land	Buildings and Land Improvements	Machinery, Computers and Equipment	Vehicles and Ferries	Roads, Bridges and Highways	Total	Total
Costs							
Opening Costs	753,744	4,279,454	1,295,703	138,692	1,914,907	8,382,500	7,719,195
Transfers	979	(1,584)	(846)	110	–	(1,341)	2,998
Additions	45,865	229,054	86,928	17,056	232,276	611,179	702,248
Disposals	(203)	(3,044)	(16,214)	(18,032)	–	(37,493)	(41,941)
Closing Costs	800,385	4,503,880	1,365,571	137,826	2,147,183	8,954,845	8,382,500
Accumulated Amortization							
Opening Accumulated Amortization	–	(1,716,628)	(923,189)	(87,901)	(777,858)	(3,505,576)	(3,196,476)
Transfers	–	(440)	250	–	1	(189)	(2,607)
Disposals	–	1,848	16,031	17,698	–	35,577	38,798
Amortization Expense	–	(134,669)	(81,894)	(12,612)	(133,267)	(362,442)	(345,291)
Closing Accumulated Amortization	–	(1,849,889)	(988,802)	(82,815)	(911,124)	(3,832,630)	(3,505,576)
Net Book Value	800,385	2,653,991	376,769	55,011	1,236,059	5,122,215	4,876,924
Opening Balance	753,744	2,562,826	372,514	50,791	1,137,049	4,876,924	4,522,719
Closing Balance	800,385	2,653,991	376,769	55,011	1,236,059	5,122,215	4,876,924
Increase in Net Book Value	46,641	91,165	4,255	4,220	99,010	245,291	354,205

Tangible Capital Assets (continued)
As at March 31, 2012
($ thousands)

Amortization is calculated on a declining balance basis for most assets of the General Revenue Fund. The amortization percentages of the more common tangible capital assets are as follows:

Buildings and Land Improvements	5-30 per cent
Machinery, Computers and Equipment	15-50 per cent
Vehicles and Ferries	15-35 per cent
Roads, Bridges and Highways	5-15 per cent

Capital leases are amortized on a straight-line basis over the length of each lease (3-25 years).

Amortization is generally calculated on a straight-line basis for assets of the governmental units. The estimated useful lives of the more common tangible capital assets are as follows:

Buildings (including Leasehold Improvements) and Land Improvements	2-50 years
Machinery, Computers and Equipment	2-50 years
Vehicles and Ferries	3-7 years

Capital leases are amortized on a straight-line basis, generally 3-45 years.

Social Housing assets are included in Buildings and Land Improvements and relate to the Nova Scotia Housing Development Corporation. These assets are amortized using the straight-line method. The net book value of these assets is $346,628 (2011 - $355,400).

Included in the closing costs of the various classes as at March 31, 2012, are costs for assets under construction, which have not yet been amortized. These costs relate to buildings and land improvements of $329,375, machinery, computers and equipment of $60,660, vehicles and ferries of $12,785, and roads, bridges and highways of $113,234.

Capital leases are included in the various classes as at March 31, 2012 as follows: buildings and land improvements - cost of $472,226, accumulated amortization of $282,086; machinery, computers and equipment - cost of $40,088, accumulated amortization of $37,804; and vehicles and ferries - cost of $16,951, accumulated amortization of $9,393.

Schedule 8

Direct Guarantees
As at March 31, 2012
($ thousands)

	Authorized 2012	Utilized 2012	Utilized 2011
Bank Loans			
Department of Education - Student Loan Program	15,449	15,449	22,364
Nova Scotia Business Inc.	300	300	300
Industrial Development Act	—	—	36,534
Nova Scotia Jobs Fund Act	65,700	39,931	—
Total Bank Loan Guarantees	81,449	55,680	59,198
Mortgages			
Housing Development Corporation Act	9,143	9,143	9,573
Housing Development Corporation Act - CMHC Indemnities	90,294	90,294	103,000
Provincial Finance Act	18	18	83
Total Mortgage Guarantees	99,455	99,455	112,656
Total Direct Guarantees	180,904	155,135	171,854
Less: Provision for Guarantee Payout			
Department of Education - Student Loan Program		(3,191)	(4,776)
Housing Development Corporation Act		(10,385)	(9,888)
Industrial Development Act		—	(2,350)
Nova Scotia Business Inc.		(300)	(30)
Nova Scotia Jobs Fund Act		(5,275)	—
		(19,151)	(17,044)
Less: Provision for Student Debt Reduction Program			
Department of Education - Student Loan Program		(3,950)	(4,422)
Net Direct Guarantees		132,034	150,388

(not provided for in these statements)

Schedule 9

Segment Reporting
As at March 31, 2012

Segment reporting is designed to assist users to identify the resources allocated to support the major activities of government and to better understand the performance of segments.

The following schedules provide segment information for the 2012 and 2011 fiscal years. Segment results represent the activities of that segment and include any inter-segment transactions. Inter-segment eliminations are shown in a separate column. The province has determined that the following segments represent the major activities of government.

Health
The provision of such services and institutions to the public that will lead to a higher state of personal health.

Education
The provision of all aspects and phases of training to equip people with necessary skills to pursue productive lives. This includes: Primary to Grade 12, post-secondary and advanced education, as well as labour support.

Infrastructure & Public Works
The provision of the means to facilitate the effective and efficient movement of persons and property. This includes the net results of the Halifax-Dartmouth Bridge Commission and the Highway 104 Western Alignment Corporation.

Social Services
The provision of services and assistance to economically and/or socially disadvantaged persons requiring aid.

Natural Resources & Economic Development
The provision for the maintenance and upkeep, efficient extraction, processing, and utilization of the natural attributes of the province with the aim of creating employment and contributing to the material well-being of residents.

Other Government
Revenues and expenses that relate to activities that are not identified as a separate segment or cannot be directly allocated on a reasonable basis to individual segments because they support a wide range of service delivery activities. This includes certain items from the General Revenue Fund such as general tax revenues, sinking fund earnings, debt servicing costs, and the pension valuation adjustment.

Segment Reporting
For the fiscal year ended March 31, 2012
($ thousands)

Schedule 9

	Health		Education		Infrastructure & Public Works		Social Services	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenue								
Provincial Sources								
Tax Revenue	208,631	211,856	—	—	250,186	255,395	—	—
Other Provincial Revenue	325,645	304,221	410,876	395,710	17,641	23,548	32,730	115,342
Net Income from GBEs	—	—	—	—	13,479	7,706	—	—
Investment Income	3,767	2,295	4,692	3,759	—	—	30,209	20,957
Federal Sources	828,896	795,290	271,252	322,800	30,140	121,670	350,281	251,976
Total Revenues	1,366,939	1,313,662	686,820	722,269	311,446	408,319	413,220	388,275
Expenses								
Grants and Subsidies	1,573,307	1,523,736	644,440	320,000	15,775	343	806,920	683,865
Salaries and Employee Benefits	1,565,419	1,532,751	1,171,460	1,143,949	122,188	125,914	147,793	145,407
Operating Goods and Services	669,021	651,070	294,446	325,888	93,137	109,069	104,497	105,208
Professional Services	83,159	79,223	27,778	25,738	20,251	24,332	1,222	5,510
Amortization	96,802	96,221	73,938	70,540	157,221	145,808	18,176	18,394
Debt Servicing Costs	15,146	14,231	10,960	9,930	—	—	43,683	34,578
Other	2	491	42,359	41,796	—	—	—	—
Total Expenses	4,002,856	3,897,723	2,265,381	1,937,841	408,572	405,466	1,122,291	992,962
Segment Result	(2,635,917)	(2,584,061)	(1,578,561)	(1,215,572)	(97,126)	2,853	(709,071)	(604,687)

Segment Reporting
For the fiscal year ended March 31, 2012
($ thousands)

Schedule 9

	Natural Resources & Economic Development		Other Government		Inter-Segment Eliminations		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Revenue								*(as restated)*
Provincial Sources								
Tax Revenue	415	490	4,144,636	4,227,116	—	—	4,603,868	4,694,857
Other Provincial Revenue	266,715	349,205	382,412	386,844	(113,092)	(101,994)	1,322,927	1,472,876
Net Income from GBEs	—	—	356,837	350,253	—	—	370,316	357,959
Investment Income	11,006	11,716	186,440	173,911	(39,097)	(30,897)	197,017	181,741
Federal Sources	207,251	284,745	1,491,474	1,435,325	—	—	3,179,294	3,211,806
Total Revenues	485,387	646,156	6,561,799	6,573,449	(152,189)	(132,891)	9,673,422	9,919,239
Expenses								
Grants and Subsidies	148,826	156,047	330,068	349,855	(5,651)	(45,555)	3,513,685	2,988,291
Salaries and Employee Benefits	149,917	147,649	366,295	300,952	(81,103)	(36,578)	3,441,969	3,360,044
Operating Goods and Services	125,293	128,145	104,796	103,273	(4,424)	(4,238)	1,386,766	1,418,415
Professional Services	20,335	19,340	153,914	136,859	(655)	(669)	306,004	290,333
Amortization	5,904	6,120	10,401	8,208	—	—	362,442	345,291
Debt Servicing Costs	8,788	8,098	840,727	843,004	(58,927)	(43,350)	860,377	866,491
Other	9,230	24,303	487	884	(1,429)	(2,501)	50,649	64,973
Total Expenses	468,293	489,702	1,806,688	1,743,035	(152,189)	(132,891)	9,921,892	9,333,838
Segment Result	17,094	156,454	4,755,111	4,830,414	—	—	(248,470)	585,401

Schedule 10

Government Reporting Entity
As at March 31, 2012

The government reporting entity is comprised of the province's departments and public service units (General Revenue Fund) as well as the following governmental units, government business enterprises, and a proportionate share of government partnership arrangements:

Governmental Units
(Consolidation Method)

- Acadia Coal Company Limited Fund
- AgraPoint International Inc.
- AgriTECH Park Incorporated
- Annapolis Valley District Health Authority
- Annapolis Valley Regional School Board
- Art Gallery of Nova Scotia
- Arts Nova Scotia
- Bioscience Enterprise Centre Incorporated
- Cape Breton District Health Authority
- Cape Breton Victoria Regional School Board
- Capital District Health Authority
- Check Inns Limited (inactive)
- Chignecto-Central Regional School Board
- Coal Research Agreement Fund
- Colchester East Hants Health Authority
- Conseil scolaire acadien provincial
- CorFor Capital Repairs and Replacements Fund
- Creative Nova Scotia Leadership Council
- Crown Land Mine Remediation Fund
- Crown Land Silviculture Fund
- Cumberland Health Authority
- Democracy 250 (inactive)
- Film Nova Scotia
- Gambling Awareness Foundation of Nova Scotia
- Gaming Addiction Treatment Trust Fund
- Guysborough Antigonish Strait Health Authority
- Habitat Conservation Fund
- Halifax Regional School Board
- Harbourside Commercial Park Inc.
  - Sydney Utilities Limited
- Industrial Expansion Fund
- Izaak Walton Killam Health Centre
- Law Reform Commission
- Mainstream 1992 Fund
- Muggah Creek Remediation Fund
- Nova Scotia Arts Council (inactive)
- Nova Scotia Blueberry Institute Fund
- Nova Scotia Business Inc.
- Nova Scotia Community College
  - Nova Scotia Community College Foundation
- Nova Scotia Coordinate Referencing System Trust Fund
- Nova Scotia Crop and Livestock Insurance Commission
- Nova Scotia E911 Cost Recovery Fund
- Nova Scotia Environmental Trust
- Nova Scotia Farm Loan Board
- Nova Scotia Fisheries and Aquaculture Loan Board
- Nova Scotia Government Acadian Bursary Program Fund
- Nova Scotia Harness Racing Fund
- Nova Scotia Health Research Foundation
- Nova Scotia Housing Development Corporation
  - Cape Breton Island Housing Authority
  - Cobequid Housing Authority
  - Eastern Mainland Housing Authority
  - Metropolitan Regional Housing Authority
  - Western Regional Housing Authority
- Nova Scotia Innovation Corporation
  - 1402998 Nova Scotia Limited
  - 3087532 Nova Scotia Limited
- Nova Scotia Jobs Fund
- Nova Scotia Lands Inc.
- Nova Scotia Legal Aid Commission
- Nova Scotia Market Development Initiative Fund
- Nova Scotia Municipal Finance Corporation
- Nova Scotia Nominee Program Fund
- Nova Scotia Pension Agency
- Nova Scotia Power Finance Corporation
- Nova Scotia Primary Forest Products Marketing Board
- Nova Scotia School Boards Association *(1)*
- Nova Scotia School Insurance Exchange *(2)*
- Nova Scotia School Insurance Program Association *(2)*
- Nova Scotia Sportfish Habitat Fund
- Nova Scotia Strategic Opportunities Fund Incorporated
- Nova Scotia Tourism Agency (inactive)
- Nova Scotia Utility and Review Board
- Off-Highway Vehicle Infrastructure Fund
- P3 Schools Capital and Technology Refresh Fund *(3)*
- Pengrowth Nova Scotia Energy Scholarship Fund
- Pictou County Health Authority
- Provincial Drug Distribution Program
- Public Archives of Nova Scotia
- Public Debt Management Fund
- Resource Recovery Fund Board Inc.
- Rockingham Terminal Incorporated (inactive)
- Scotia Learning Technology Refresh Fund
- Sherbrooke Restoration Commission
- South Shore District Health Authority

Government Reporting Entity (continued)
As at March 31, 2012

Governmental Units (continued)
(Consolidation Method)

South Shore Regional School Board
South West Nova District Health Authority
Species-at-risk Conservation Fund
Strait Regional School Board
Sustainable Forestry Fund
Sydney Environmental Resources Limited (inactive)
Sydney Steel Corporation
Sydney Tar Ponds Agency
Sysco Decommissioning Fund
Trade Centre Limited
Tri-County Regional School Board
Upper Clements Family Theme Park Limited (inactive)
Vive l'Acadie Community Fund
Waterfront Development Corporation Limited
    3104102 Nova Scotia Limited
Waycobah School Assistance Fund
3052155 Nova Scotia Limited

Government Business Enterprises
(Modified Equity Method)

Halifax-Dartmouth Bridge Commission
Highway 104 Western Alignment Corporation
Nova Scotia Gaming Corporation
    Atlantic Lottery Corporation (25% ownership)
    Interprovincial Lottery Corporation (10% ownership)
    Nova Scotia Gaming Equipment Limited
Nova Scotia Liquor Corporation

Government Partnership Arrangements
(Proportionate Consolidation Method)

Atlantic Provinces Special Education Authority (approximately 55% share)
Canada-Nova Scotia Offshore Petroleum Board (50% share)
Canadian Sports Centre Atlantic (approximately 8% share)
Council of Atlantic Premiers (approximately 46% share)

(1) – Entity is a partnership controlled by the eight school boards.

(2) – Entity is a partnership controlled by the eight school boards and the Nova Scotia Community College.

(3) – This includes all refresh funds related to P3 schools.